NOVEMBER 1970

MONTHLY REVIEW

AN INDEPENDENT SOCIALIST MAGAZINE

PART TWO:

VOLUME 22

6

IS IMPERIALISM REALLY NECESSARY?

HARRY MAGDOFF

NORTHERN IRELAND— FROM CIVIL RIGHTS TO ARMED STRUGGLE

RUSSELL STETLER

"Welfare State" and Social Conflict

JACQUES HERSH

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CONTENTS VOLUME XXII NUMBER 6 NOVEMBER 1970

REVIEW OF THE MONTH: Is Imperialism Really Necessary? (Part Two) 1
NORTHERN IRELAND: FROM CIVIL RIGHTS TO ARMED STRUGGLE
by Russell Stetler 12
"WELFARE STATE" AND SOCIAL CONFLICT by Jacques Hersh 29
BOOKS: Decline and Fall of the Spanish Empire by Frederick F. Clairmonte .. 44
CORRESPONDENCE: On the International Flow of Funds
by F. Stirton Weaver 52
The Editors Reply 53
WORLD EVENTS by Scott Nearing 58

MONTHLY REVIEW: Published monthly except July and August, when bimonthly, and copyright © 1970, by Monthly Review, Inc. Second class postage paid at New York, N. Y.

EDITORIAL AND BUSINESS: USA: 116 West 14th Street, New York, N. Y. 10011. Telephone: (212) 691-2555.

Europe: Frances Kelly, 9 King Edward Mansions, 629 Fulham Road, London, S.W. 6., Telephone: Renown 8824. MR Edizione Italiana, Viale Mazzini 4, Roma 00195, Telephone: 383112.

Unsolicited manuscripts will not be returned unless accompanied by a stamped, self-addressed envelope.

NEWSSTAND DISTRIBUTOR: B. De Boer, 188 High Street, Nutley, N. J.

SUBSCRIPTION PRICE: One year—$7 in the U.S.; $8 foreign.
By 1st class mail—U.S. $12; elsewhere $14.
By air mail—No. America $14; So. America and Europe $18; Asia (incl. USSR), Africa, Australia $20.

EDITORS: Paul M. Sweezy Harry Magdoff Leo Huberman (1903-1968)

ASSOCIATE EDITOR: Bobbye Ortiz

NOTES FROM THE EDITORS

It was two years ago this month that Leo Huberman died after nearly two decades as co-editor of MR. We can think of no more fitting commemoration than the following letter which appeared in a recent issue of *The Next Step*, a GI newspaper:

"I have only finished the first six chapters of the book I got from you—*We the People*, about the history of our country. I can't wait until I finish it to write to you about it.

"This book really tells history as it really was—made by the people of the country and not by the few people who get in places of power and the simple things they do. I never could make any sense out of the history they teach in school, although I couldn't quite figure out why. They

(Continued on inside back cover)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IS IMPERIALISM REALLY NECESSARY?

BY HARRY MAGDOFF

PART TWO

As noted in Part One,* the Critics base their interpretation of the current state of U.S. imperialism on what they consider to be the relative smallness of private investment in the underdeveloped world. We have tried to show that the economic involvement is considerably larger than one would infer merely from the statistics on direct foreign private investment. However, one needs to dig deeper. While the relative size of a particular economic sector is important, it is by no means the only consideration. It is necessary to understand the influence of the sector on the dynamics of an economy in motion. For example, the stock market in and of itself is a relatively small part of the U.S. economy. Yet what goes on in the stock market far exceeds its insignificant "statistical" contribution to the gross national product. The availability of this gambling casino is of the very essence of an advanced capitalist system. In addition, speculative fervor on the upside of the market can act as a goad and prop to boom and inflation, while panic among speculators can spark and intensify a major economic decline.

The vagaries of the balance of payments are a significant

* MONTHLY REVIEW, October 1970.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

illustration of the potential "bigness" of a statistically small category. The chronic deficit in our balance of payments since 1950 has ranged roughly between $1 billion and $4 billion a year. Now this is obviously an insignificant portion of GNP. Statistically, it is hardly worth mentioning: just the statistical error involved in measuring GNP is surely much larger than the balance of payments deficit. Yet this "statistically insignificant" deficit, due to its unique function and its cumulative effect, contains all the potentials of a major international crisis. Lack of cooperation by the governments and central banks of the other advanced industrial nations—that is, their decision to go off the "dollar standard" and back to the "gold standard"—would undoubtedly lead to a breakdown of the existing international payments system and consequently of international trade, with obviously serious consequences to the world capitalist economy. (Central bankers understand this; it is, in fact, an important reason for their reluctant endurance of U.S. financial hegemony. But such cooperation is a slim reed to depend on in a world of aggressive, competitive, national and business interests.)

Once we recognize the role of the balance of payments deficit in maintaining U.S. prosperity and international financial stability, we can better appreciate the special advantages accruing from business involvement in the Third World. As noted earlier, the United States is able to sustain its wars, military posture, foreign investment, and military and economic assistance for two reasons: (a) the large surplus in the balance of its transactions on goods and services (technically, the "current account"), and (b) its relative freedom to accumulate deficits. We have already dwelt briefly on the politics of the latter. Let us now look into the former. Taking the last five years (1964-1968) for which complete annual data are available at the time of writing, we find that the surplus of goods and services in trade with the underdeveloped countries (including the profits on foreign investments) represented 66 percent of the total U.S. surplus on this account. For the last three of these years (years of full-scale war in Vietnam), the U.S. export balance on goods and services with the Third World

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

was no less than 85 percent of the total U.S. surplus.*

Examination of the ramifications of the balance of payments issue (for example, the interrelations between current and capital transactions and the ensuing contradictions) would take us too far afield. Suffice it to note here that business dealings with the Third World, from the perspective of the balance of payments, are an especially strategic element of the current capitalist economy of the United States. The balance of payments data, however, are a summation of many thousands of transactions. If we look into these "small" transactions, we will also find areas of significance that far outweigh statistical "smallness."

The business of individual firms in the Third World arises usually in response to the following motives: (1) to obtain and maintain enlarged markets; (2) to get higher profit rates by taking advantage of lower production costs; and (3) to achieve control over sources of raw materials and food. Given the international maldistribution of income, it is only natural—indeed, inevitable—that trade (and investment for better access to a country's markets) will be much larger in the case of the rich than in that of the poor nations, despite the great disproportion of population in the two. But this does not mean that interest in the markets of the poor nations has slackened or will diminish in the future—any more than one would expect a waning of business interest in the "peripheral" areas within the United States (e.g., Mississippi) in contrast with the metropolitan centers of the country (e.g., New York). Nor would the business community take with better grace the shutting off of lesser foreign markets than they would countenance the secession of poorer regions of the United States.

The economics of the business firm is dominated by the growth imperative: growth of profits, growth of sales, and growth of capital investment. In the early stages of the evolution of a firm or a product, it is usually found that speediest

* Calculated from balance of payments statistics reported in *Survey of Current Business*, June 1967 and June 1969. The Third World was defined as Western Hemisphere countries, other than Canada, and Asian and African countries, other than Japan and South Africa.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

results are obtained by concentrating on the upper-income segments of the native country and on those foreign countries that have a large upper-income population. However, no successful firm can afford to rest there. Under the pressure of competition, it must seek out additional and, if possible, more profitable markets. While these additional markets may be relatively small, their marginal effect can be unusually important because of their role in sustaining growth. This role of the marginal increase in the export market applies also to the marginal investment in a foreign country.

To liberal-minded observers, like our Critics, some of the percentages of business contributed by exports and investments may look small and unimportant. But these small percentages necessarily loom large in the eyes of the owners and managers of a business. The realities of the business world are such that these owners and managers must struggle doggedly not only to hang on to their share of the market but constantly to maneuver to increase it. Their logic is necessarily shaped by these realities. And it is the logic of the owners and managers of business that insists on keeping as much of the world as possible free for capital investment and trade—to provide at least the possibility of still another marginal boost in sales, profits, and investment. By the same token, the closing down of any area to "free enterprise" is a threat to growth potential.

When the "free world" remains free for private enterprise, opportunities do in fact arise for a new spurt in one business field or another—for a new source of growth. Thus the sober-minded *Business Week* (December 6, 1969) in its forecast for the 1970s recognized the differences between trade with the developed and underdeveloped nations, but it also showed that it understands the new opportunities:

> As in the past, exports to industrial nations will rise faster than those to developing countries. In the 1960s, sales to industrial nations climbed from $13 billion to $24 billion, sales to developing countries rose from $7 billion to $11 billion. *An exception will be a boom in U.S. export and import trade with East and South Asia,* excluding Japan. (Italics added.)

It would be illuminating if the authors of this projection

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

were to spell out their assumptions concerning the continuation or end of the Vietnamese War and the nature of the U.S. military presence in Asia in the 1970s, as for example, the replacement by the United States of British bases in Southeast Asia.

Raw Materials and the Third World

The Critics give two reasons for brushing aside the crucial question of the raw materials factor and the ties with the Third World: (a) they themselves have not studied the question of dependency on foreign raw materials in depth, and (b) they think it is necessary to recognize the possibility of substituting one material for another. Their straightforward acknowledgment of limited acquaintance with the facts is commendable; by all means, they should look into these facts. We would suggest, though, that they not restrict their study to the "dependency" angle. Imperialism is not so much a question of dependency on raw materials as of the compulsive behavior of monopolistic-type business organizations.

That the drive for control of foreign resources extends beyond dependency can be seen in the way U.S. corporations sought, fought for, and obtained exploration and development rights for oil, copper, and other minerals *when the United States was blessed with a surplus of these minerals.* A major reason for the oil industry to invest abroad was specifically to protect its foreign markets. (In the 1870s two thirds of U.S. oil production was exported.) Here is how Professor Raymond Vernon summarizes the early history of the global expansion of the U.S. oil industry:

> The more remote sources of crude oil, such as those of the Middle East and the Far East, were needed by the U.S. companies because of their proximity to established export markets in Asia and the Mediterranean basin. While these markets had been developed by U.S. companies in the latter part of the nineteenth century on the basis of U.S. exports, they were never wholly free from challenge by others. . . . For two decades before 1900, the American companies tried to counter this threat by capturing downstream facilities in some of the main markets in which they were challenged. By 1900, however, they seem to have decided

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that control of marketing facilities was not the appropriate strategy and that control of the crude oil was the key. It was then that the U.S. firms began aggressively to try for acquisition of foreign crude oil sources. More generally, however, the major oil companies had to take some interest in any potential source of oil, wherever there was a risk that the source, when developed, might undersell existing supplies. . . . In economic terms, the cost of development could better be attributed to the hedging of risk—the risk of losing control of the price structure in established markets. . . . The early history of the major oil companies suggested another principle of a prudential sort. A well-diversified supply of resources, they rapidly discovered, was especially useful in dealing with blockages of supply, whether threatened or actual. ("Foreign Enterprises and Developing Nations in the Raw Materials Industries," in *Allied Social Science Associations, Papers and Abstracts to be Presented at the Annual Meeting of the ASSA,* New York, N. Y., December 28-30, 1969.)

Foreign investment for the development and extraction of resources took place for many reasons. Just profit alone has been a sufficient motive for starting many plantations and mines in the underdeveloped world. But the investment in raw materials by monopolistic-type firms has added a new dimension—a dimension which goes a long way to explaining what the era of modern imperialism is all about.

The concentration of economic power in a limited number of giant firms became possible in many industries precisely because of the control by these firms over raw materials sources. The ability to maintain this concentrated power, to ward off native and foreign competitors, to weaken newcomers, and to conduct affairs in accordance with monopolistic price and production policies depended on the alertness and aggressiveness of the giant firms to obtain and maintain control over major segments of the supplies of raw materials—*on a world scale*. This has been the underlying rationality of foreign investment in the extractive industries during the whole era of modern imperialism: not only in oil but in a spectrum of products, especially minerals.

The issue, therefore, is not dependency of the United States on foreign mineral supplies, but the dependency of monopoly industry *qua* "monopolies" on the control of these sup-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

plies. The data on the extent to which minerals used in the United States are obtained abroad are merely one measure of the far-flung interests of U.S. monopolies. Necessarily, large firms that process "scarce" raw materials must be vitally concerned about the *world* production, distribution, and prices of these supplies, not merely the demand for the products in the United States.

On this subject, too, the issue of "smallness" raised by the Critics has little relevance. They point out that only the investment in foreign oil is large; the investment in other minerals is relatively small. The fact that the proportion of foreign investment in other minerals is small compared with oil has no bearing whatsoever on the depth of the concern and involvement of the firms using these other minerals. The proportion of foreign investment in iron ore, bauxite, and copper ore (among others) to investment in oil has little if any meaning to the steel, aluminum, and copper producers who seek to secure their leading positions and their special profit advantages by controlling a major segment of the foreign (as well as domestic) supplies of their products.

The second point on raw materials raised by the Critics concerns the possible substitution of one product for another in order to reduce the "dependency" on foreign supplies. Obviously, they do not mean the substitution of some ore other than iron to make steel or a bauxite substitute to make aluminum. Our alchemists have not learned these tricks yet. What the Critics dwell on is the substitution of, say, aluminum and/or plastics for some uses of steel and of aluminum for copper. To a considerable extent substitution has been going on for years, if not centuries and millennia. Where technical substitution is feasible, competition between raw materials for the same or similar uses has been heated. This competition, however, has been accompanied not by a lessening of "dependency" on foreign sources but by an increase of such "dependency." The reason is quite simple. One cannot substitute at will—even if the price is right or even if the cost of the raw material is unimportant. For example, copper used in electric wire and cable can be replaced only by a material that conducts electricity.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Steel, paper, and wood are therefore not usable as substitutes for wire requiring electrical conductivity. However, whereas aluminum is a possible substitute, the result of such substitution is an increase in "dependency" on foreign sources of supply: the proportion of foreign to domestic bauxite is considerably higher than the foreign-to-domestic ratio of copper ore.

Another reason for not relying on substitutability for removing or diminishing the use of foreign sources can be seen in the case of steel. Steel has been on the losing end of many competitive battles, including the competition of plastics made from purely domestic sources. Nevertheless, the weakening competitive position of steel has been accompanied by an *increase* in the use of foreign ore. The reason is the depletion of the great Mesabi iron ore deposit. Furthermore, even though technical breakthroughs have made the conversion of domestic taconite ore economically feasible, the interest of U.S. steel firms in iron ore reserves in Canada, South America, Africa, and Asia has increased.

The upshot is that the problem of substitution of minerals, on the whole, is quite different from that of butter vs. margarine or synthetics vs. silk/cotton. At rock bottom, the replacement of one mineral by another is a technical problem. Economics is often involved, but the economic maneuverability is severely restricted by the technical determinants. One cannot, at the present stage of technology, send an electric current through matter that lacks the properties to transmit it. Nor can one make airplanes that carry passengers and freight without aluminum. Moreover, we don't know how to make an effective jet engine without getting columbium, tungsten, nickel, chromium, and cobalt from the four corners of the earth. Nor do politics and economics stand still, waiting on the sidelines for future imaginative technological breakthroughs.

The Critics, though, make a still more daring hypothesis on the substitution question: "The question of substitutability is affected by possible shifts in the end-products of American industry which, in turn, determine what materials are needed. The main possibility is, of course, a reduction in military production." But why stop at military production? We could, for

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

example, have our commercial jet airplanes made in France, England, Germany, and Japan. These countries would be happy to get the business, and we would reduce our dependency on foreign raw materials. Better still, we could shift the end-products of our society by restricting the use of automobiles in our crowded cities and reducing truck traffic through vastly increased use of the railroads. We would thereby lower the demand for cars, cut down on our dependence on foreign sources of minerals, and improve the air we breathe.

It is interesting to indulge in speculations on what a rational society would do to simplify the problem of foreign raw-material dependency. Such speculation might even have educational value in exposing the limits and contradictions of a capitalist society whose *primum mobile* is the profit motive. But if we want to understand what capitalist imperialism is all about, we had better pay attention to the mechanics and dynamics of capitalism as it really is, i.e., *capitalism as a world system.*

Fundamental Changes?

The Critics summarize their argument in a section entitled "Fundamental Changes"—changes which, in their opinion, point to the plausibility of a U.S. capitalist economy without imperialism. We do not have the space to tackle all the points made, but we shall comment briefly on a few.

First, they invoke the authority of John Kenneth Galbraith's *New Industrial State* to support their contention that fundamental changes have occurred in capitalism which depart from the "necessity" of imperialism. But what are the changes that Galbraith deals with? The "new" capitalism, he claims, is and must be dominated by a limited number of giant corporations; the success of the "new industrial state" depends on the success of these giants. These industrial giants, in turn, have three imperatives: they must keep on growing; they must control their raw material supplies at consistent prices; and they must control their markets.* Precisely. Galbraith, whether

* See the author's review of Galbraith's *New Industrial State,* "Rationalizing the Irrational," *The Nation,* September 18, 1967.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

he knows it or not, is explaining the mainspring of the imperialism of monopoly capitalism.

Second, the Critics see a fundamental change in the absence of a major economic crisis since the end of the Second World War. If, however, one of the most important reasons for this "fundamental change" is the huge military machine built up and maintained by the United States,* then such a change is hardly an opener of a new dawn of a peaceful modern capitalism. Quite the contrary. It is a harbinger of wars and revolutions. The internal and external conflicts generated by such a "success" do indeed foretell the end of imperialism and the decline of the U.S. empire—but not by a peaceful reform of monopoly capitalism.

Third, the Critics contrast the more rapid growth of "non-imperialist" Germany and Japan with the slower growth of imperialist United States and Great Britain. (Incidentally, they refer to "the tempestuous growth of Japan and Germany in the postwar period, without foreign investments. . . ." They may wish to argue that foreign investments were not *important* for the growth rate, but they are mistaken if they think there have not been considerable foreign investments by Germany and Japan.) What is missing in this sort of correlation is an appreciation of the way the world capitalist system has been working in recent decades.

Under *Pax Americana,* the United States supplies the main military power and the police action to keep as much of the world as possible safe for "free" enterprise. In this arrangement, Germany and Japan, as major and strategic components of world capitalism, are special beneficiaries of the economic and military strategy of the United States. Japan, in particular, has benefited not only from the advantages of a prosperous U.S. market but also from U.S. purchases for the Korean and Vietnamese wars. There are, of course, special factors which have contributed to the German and Japanese growth rates, but the very possibility of growth is intimately

* See Paul A. Baran and Paul M. Sweezy, *Monopoly Capital,* New York, 1966. Also, the author's "Militarism and Imperialism," MONTHLY REVIEW, February 1970.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

related to *Pax Americana* and a relatively successful U.S. economy based on militarism.

In sum, the Critics' analytical method is to separate out the various parts of the U.S. and world economy and to sever economics from politics. They arrive at the conclusion that, by tinkering with some of the parts through political pressure, capitalism can be reformed so that it can live and grow without imperialism. Our point of view is that the separate parts must be understood in the context of their interrelations with the social organism of world monopoly capitalism. Further, it is important to recognize the essential unity of the economics, politics, militarism, and culture of this social organism. We reach the conclusion that *imperialism is the way of life of capitalism. Therefore, the elimination of imperialism requires the overthrow of capitalism.*

Since trade ignores national boundaries and the manufacturer insists on having the world as a market, the flag of his nation must follow him, and the doors of the nations which are closed against him must be battered down. Concessions obtained by financiers must be safeguarded by ministers of state, even if the sovereignty of unwilling nations be outraged in the process. Colonies must be obtained or planted in order that no useful corner of the world may be overlooked or left unused.

—Woodrow Wilson

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

NORTHERN IRELAND: FROM CIVIL RIGHTS TO ARMED STRUGGLE

BY RUSSELL STETLER

The Neo-Colonial Setting

At the time of the First World War, the Irish fought the first national-liberation war of the twentieth century. The negotiations which brought a truce between the British and a moderate faction of nationalist leaders prefigured the neo-colonial settlements which have dominated much of the political life of the Third World since the Second World War. Ireland was divided in two. Formal independence was granted to twenty-six counties of Eire, although foreign control over key investment sectors tended to nullify the meaning of this independence. The remaining six counties were denied to the nationalists. They were reconstituted as the province of Northern Ireland, which remained intact within the United Kingdom. The only substantial industry within Ireland was located in the provincial capital, Belfast. The socialists within the national liberation movement had always recognized that meaningful industrial development in the republic could not proceed without control of Belfast, just as there was little prospect of socialist ideas gaining hegemony in the national liberation struggle without the adherence of the industrial workers of Belfast.

The problem of winning the workers of Belfast to socialism was further complicated by the fact that they were in the main descended from the families which had colonized Ireland

---

Russell Stetler is the author of *The Battle of Bogside* (London: Sheed and Ward, 1970) and editor of *The Military Art of People's War: Selected Writings of General Vo Nguyen Giap,* a Monthly Review Press book.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in the wake of the British conquest, consolidated two centuries before. The descendants of the indigenous Irish population itself remained outside the industrialized sectors of the economy. If the setting were Algiers, rather than Belfast, the differences of skin color would lead us immediately to identify racism as the core of the problem. But in the Irish setting, religious affiliation, rather than skin color, has marked the social identities of the two groups, colonizers and colonized. This crucial difference has obscured the mechanisms at work and confused many outside observers. Our thoughts move too quickly to the Catholic Church, and its viciously reactionary institutional role in places like Spain or Latin America, to allow us to understand what it means for an Irishman to think of himself as a Catholic.

Conor Cruise O'Brien's discussion of this problem is instructive:

> Basically, religious affiliation was—and is—socially, economically, and politically significant, for it distinguishes, with very few exceptions, the natives and their children from the seventeenth-century settlers and their children. The British Crown, in the post-Reformation period, naturally favored the settlement of loyal Protestants, and the dispossession of natives, whose support of the Counter-Reformation was necessarily a form of rebellion: politics and religion were inseparable from the start.
>
> The Protestant settlers—Scottish and English—were the gainers, the Catholic natives the losers: antagonistic collective interests and loyalties were established immediately. The natives were dispossessed, but not exterminated nor assimilated nor converted to Protestantism. Their Catholicism became the badge of their identity and their defiance. After the destruction of the Gaelic social order by the end of the seventeenth century and the substitution of English for the Gaelic language—a process completed by the mid-nineteenth century in most of the country—the Catholic Church became almost the sole form of social cohesion of the native people.

Catholic schools provided more than religious instruction; they were a means of preserving the native culture and a nationalist view of Irish history. Other colonized peoples have

---

* Conor Cruise O'Brien, "Holy War," *New York Review of Books*, November 6, 1969, p. 10.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

frequently had their cultures virtually eradicated; Chicanos and American blacks are now engaged in the task of recreating their own pasts. The Irish maintained a deep sense of their history and refused to send their children to state schools where acts of conquest are celebrated as victories of Western civilization. Bernadette Devlin records in her autobiography the shock which she experienced when she first realized that the children who went to state schools in Northern Ireland admired the Queen, whom she had been taught to regard by republican nuns as a symbol of imperialist oppression!

The ideology of the Protestants in Northern Ireland, on the other hand, has been comparable to that of the French settlers in Algiers or the whites of the American South. Protestant workers have been poor and intensely exploited, enjoying a lower standard of living than their relatives in Britain but maintaining a pathetic sense of dignity and self-respect through a total chauvinist identification with the conquering power. Their ancestors came to the four northeastern counties of Ulster under a plantation system identical to that which the English introduced in Virginia, and they survived by a stony adherence to the frontier spirit and Protestant ethic which built capitalism in America. (The Protestant ethic is alive and well in Northern Ireland, where a housewife polishes her doorknob and says, "There, now. Doesn't that look more Protestant?") The settler community has traditionally enjoyed a set of privileges which divides it sharply from the natives, and each concession of civil rights to the natives has been viewed as a threat to Protestant privilege.

At the time of the national liberation war the Protestant masses felt profoundly menaced by the thought of living in an independent Irish Republic where they would be a minority population. They were mobilized, through traditional secret societies like the Orange Order, into a clandestine military organization known as the Ulster Volunteers Force, which was prepared to secede and declare unilateral independence in the event of a sell-out by the London government; the parallels with the French Army's secret society, the OAS, in Algiers are obvious. The neo-colonial settlement of 1921 obviated this

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

need and provided a new framework within which the Protestants could consolidate their privileged position and allay their fears. The treaty left the British Parliament in control of decisive fiscal matters (including most taxation) as well as foreign policy, but established a Northern Ireland Parliament to legislate on other matters. The boundaries of the province gave the Protestant population a two-thirds majority. Property qualifications for voting in Northern Ireland elections and notorious local gerrymanders consolidated the hegemony of the Unionist Party, even establishing their control in some areas where the Protestant population was in the minority (such as Derry,* the second largest city).

Militant republican elements in the Sinn Fein party and its military arm, the Irish Republican Army (IRA), refused to accept the 1921 settlement and continued guerrilla warfare throughout the 1920s and sporadically ever since. The specter of the IRA in turn provided the Unionists with a mobilizing issue at every election, permitting them to mystify the politics of the province and inhibiting social and political dissent within the Protestant population despite appalling poverty. A moderate and ineffective Nationalist Party existed in the North as a mirror-image of the Unionists, mobilizing Catholic voters on the question of the partition between North and South and maintaining that national unification, rather than socialism, held the key to remedying the social disabilities of the Irish population. The Unionists nonetheless feared the Nationalists, especially in light of the higher birth rate of Catholics as against Protestants. The final factor of Protestant domination was thus emigration. Acute unemployment obliged a section of the population to emigrate (mainly to English cities) in search of jobs. Discrimination in hiring practices, training programs, union membership, etc., made emigrants preponderantly Catholic.**

* The Ulster Protestants and the British persist in calling the city "Londonderry," a name which carries heavy colonialist connotations from the days when Derry was owned by London companies.

** For Northern Ireland as a whole, Catholics represent 37 percent of the total population, but 51 percent of the non-adult population. The excess birth rate of Catholics in the province has almost exactly equaled

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Politics of Underdevelopment

The advent of social democracy in Britain had important effects in Northern Ireland. Although social legislation enacted by the British Parliament was not constitutionally binding in Northern Ireland, there was an unwritten agreement that the Northern Ireland Parliament would follow the lead of Westminster and enact counterpart legislation on a step-by-step basis. Since the Northern Ireland Parliament at Stormont Castle, Belfast, was entirely dependent on the British Exchequer for revenue to implement its own legislation, Westminster had more than moral authority with which to enforce its lead in social policy. When the Labor Government introduced various welfare state measures after the Second World War, the Unionist Government in Belfast followed suit. Although the fundamentalist neanderthals in Stormont had no love for creeping socialism, neither had they any strong aversion to policies which pacified the lower classes without threatening the politics of segregation, discrimination, and privilege upon which their rule was based. In fact, many of the specific policies of social democracy only served to intensify segregation and strengthen the Unionists' power through a centralization of control over a wide range of social institutions. Public housing, for example, provided a simple means of aggravating segregation as an explicit device of political control. Nineteenth-century housing patterns in Northern Ireland tended to be based more on class than on religious affiliation, but political necessity produced pronounced sectarian segregation after 1921. The Bogside area of Derry had once been a working-class slum where Protestants and Catholics lived side by side, but by 1961 only sixteen Protestants lived there. In turn, Catholics of all classes were obliged to live there, by various forms of manipulation and

---

the excess emigration rate of Catholics over Protestants. The following statistics show the traditional effect of emigration:

	1937-1951	1951-1961
Number of emigrants per annum		
Protestants	2,000	4,100
Catholic	2,800	5,100
Emigrants as % of religious group		
Protestant	0.2	0.45
Catholic	0.6	1.1

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

intimidation. The effects of earlier gerrymanders were accentuated by the building of new public housing estates in Bogside and other segregated areas and the corresponding allotment of council flats by the Unionist-controlled city government along purely sectarian lines. The welfare state merely provided an opportunity to rationalize the whole process.

State economic planning also gave the Unionists a powerful means of controlling *underdevelopment* for political ends. Two basic patterns of underdevelopment had been firmly established in the nineteenth century: Ireland's in relation to Britain, and that of rural Ireland in relation to Ulster and particularly to the Belfast area. The general causes reflect a classic pattern. The area's wealth was extracted and exported to London. What little industrial development occurred was doubly dependent on Britain both for investments and markets. The tendency to concentrate industrial production related to various factors, including the political loyalty and Protestant value system of the Ulster plantation settlers. Its geographical proximity to the English port of Liverpool was convenient in terms of the markets for Ulster linen production. Steam spinning was introduced in Belfast in 1829, thus eliminating the one advantage which rural areas had hitherto enjoyed (dependence on water as a power source). A capitalist mode of textile production was rapidly established in Eastern Ulster, while undifferentiated labor and home production continued to prevail in the West. Ulster succeeded in avoiding the swamping which hit the Irish market in the mid-nineteenth century because its linen—which did not compete with any English trade—was the only protected industry in Ireland. Since Ulster's land was not uniquely tied to the potato, it also succeeded in avoiding the worst effects of the famines which were soon to decimate the population to the South. Cities like Derry achieved no local development and were consigned to the role of satellites of Belfast. Political instability in predominantly nationalist areas became a new disincentive to investment in the early twentieth century, and the gap between Belfast and the rest of Northern Ireland (particularly the western half of the province) widened. Even when Britain's economy was at full production during

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Second World War, Northern Ireland failed to attract a significant number of factories for war production. Postwar UK economic planning designated Northern Ireland as a development area, but the details were left in the hands of the Unionist politicians, in whose political interest it was to keep nationalist areas underdeveloped. In the crudest terms, jobs in Catholic (nationalist) areas would eliminate the need to emigrate, and the excessive Catholic birth rate would ultimately give the Nationalists political power.

Northern Ireland's general problem of underdevelopment in relation to Britain was not solved in any event. A major effort was made to attract investment from Britain and abroad, including capital grants of up to 33 percent of capital outlay on plant and machinery. Advance factories were built by the government and given to new firms at a derating (on property tax) of 75 percent. In addition, these firms benefited from (employment) tax rebates, fuel subsidies, grants for engaging business consultants, and grants for shifting key workers. Despite these measures, the number of jobs in civil manufacturing dropped by 6,000 to 179,000 in the period 1949 to 1964. The reduction of the agricultural work force was even sharper: the number of jobs dropped by 34,000 to 68,000 in the same period. Public investment stood at £46 *per capita* (as against less than £40 *per capita* in the rest of the United Kingdom), but this hardly compensated for the acute lack of private capital. The effects of continuing decline were sharpest in the nationalist areas most remote from the regional metropolis, Belfast. Between 1945 and 1966, 217 new firms came to Northern Ireland, of which one hundred were sponsored (i.e., received the 33 percent Industrial Development Grant for capital outlay) and the remaining 117 moved into advance government-owned factories. 76 percent of the private capital invested was English, 5 percent Scottish and 19 percent foreign. Of the 217 firms, only twenty (or 9 percent) were sited west of an imaginary line running from Castlerock on the North Coast to Killyleagh in Armagh, dividing Northern Ireland exactly in half. Some sixty-seven firms had come to the province before the first came to Derry, its second largest city,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in 1951. The second came to Derry two years later, but the third was not in production until 1960. By then, 121 new firms had been established east of the imaginary Castlerock-Killyleagh line, of which forty were in Belfast. During this entire period, only seven of the 217 new firms went to Derry (with a population of over 60,000), whereas nine went to Coleraine (population 12,000), ten to Bangor (population 24,000), thirteen to Lurgan (population 18,000) and eight to Newry (population 12,500). More advance factory space was provided in either Larne, Ballymena, or Lurgan than in Derry. In fact, the distribution of government-owned factories was inversely proportional to the amount of unemployment, which stands at more than 20 percent in the Western half of the province.*

Disincentives to investment in Northern Ireland (prior to the civil disorders, which constitute a further disincentive) included high transportation costs, relatively small labor markets (despite high unemployment, the towns of Northern Ireland cannot offer the thousands of employees which a giant corporation might require), lack of technical and managerial skill, as well as the distance from the financial capital and the seat of fiscal power. The only firms which do come (and particularly to the most underdeveloped areas) are those which are best equipped to ignore its defects (especially its marginality). These large corporations are, in turn, most likely to leave when the terms of the government subsidies expire.

Origins of the Civil Rights Movement

This is the setting for the political events which began with civil rights marches in 1968 and continue at present in the form of a rudimentary armed struggle against the British. These events also have explicitly political antecedents, which we should now consider. Two factors seem particularly important. One is the role of youth, principally in the form of a new generation of university-educated Catholics, influenced in

* My economic analysis is stated more fully in the first chapter of my book *The Battle of Bogside* (London: Sheed & Ward, 1970). A bibliography can be found there.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

a broad way by socialist ideas and the worldwide growth of a New Left. The second is a development within the traditional republican movement, which underwent a two-year period of intensive self-criticism following the debacle of their 1956-1962 guerrilla campaign.

A series of educational reforms after the Second World War contributed to the increase in the number of educated Catholics. The Education Act (Northern Ireland), 1947, is a typical example of Stormont legislation designed to keep in step with Westminster, despite firm opposition from all sides within the Northern Ireland community. Like its counterpart legislation for the rest of the United Kingdom, the Act sought to eliminate the anachronism of all-age schools, channel children at age eleven into secondary schools for academic or vocational training, and increase attendance in such schools by offering more scholarships and state schools. The state agreed to pay all teachers' salaries and up to 65 percent of construction and maintenance costs in Catholic schools. Extremist Protestant groups like the Orange Order were enraged, and the Minister of Education was forced to resign in 1949. But the Act stayed, and in 1957 the school-leaving age was raised to fifteen, thus extending the impact of the reform. Educational need was still much greater than could be satisfied, and facilities for Catholics and Protestants were unequal. But the number of Catholic families who could afford to send their children through secondary school increased sharply. This, in turn, increased the number of Catholics in attendance at Queen's University, Belfast, as well as fostering middle-class aspirations which could only lead to frustration in the prevailing conditions of discrimination. Catholics account for only 4 percent of those in Northern Ireland with an income of $5,000 per year or more; 12 percent of those employed in local government, and 6 percent of those in central government are Catholic, despite vast improvement in the number who qualify.

A core of young socialists developed among students and ex-students at Queen's in the late sixties. Some had lived in England and developed their ideas in rather orthodox Marxist groups there. Others adopted socialist views more hesitantly,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

with no political experience outside Northern Ireland. This nucleus became the mainstay of the People's Democracy (PD), a structureless mass student movement formed in the fall of 1968 following a Belfast civil rights demonstration. Their politics represented a sharp reaction against the mindless nationalism of earlier generations. They equated traditional nationalists with the Unionists (calling them Green and Orange Tories, respectively). Although they would often speak of a socialist republic as their goal, the emphasis was clearly placed more on socialism than republicanism. They were fiercely critical of the Lynch government in the South and stressed its (neo-colonial) submission to Britain. In the North, they consistently denounced sectarian (i.e., all-Catholic) politics and called for a working-class alliance of Protestants and Catholics. The prospect of such an alliance is dim indeed, but the PD has nonetheless had an important impact insofar as it has helped to develop socialist consciousness within the Catholic constituency.

Before turning to the more complex question of the IRA's evolving impact, we should narrate the brief history of the recent civil rights struggle. Within the world of conventional parliamentary politics a number of events helped to occasion the rise of the civil rights movement. In 1963 Lord Brookeborough ended his two decades of unbroken rule as Northern Ireland Premier and was replaced by Captain Terence (now Lord) O'Neill. The new Premier had served in the key post of Minister of Finance under Brookeborough and was therefore acutely sensitive to Stormont's dependence on British approval. A year after he took office the Labor Government came to power in London. The Ulster Unionists enjoyed a traditional association with the Tory Party, which could be no asset in delicate dealings with the Wilson administration. O'Neill was conscious of the need to maintain an image of Northern Ireland which would be acceptable to the new rulers in Westminster. He correctly estimated that relations with Eire would matter more to Labor than the situation of a few Catholic voters in the North, and he astutely moved toward a normalization of relations with the Irish Free State (chiefly in terms

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of trade).* The most dramatic sign of change came in 1965 when O'Neill received the Irish Prime Minister, Sean Lemass, at Stormont Castle.

In this atmosphere of limited liberalization (counterpointed by the existence of a growing middle-class Catholic constituency), a broad coalition called the Northern Ireland Civil Rights Association (CRA) was formed in February 1967. It was set up as a non-political front, and its first governing committee included members of Sinn Fein (the republican movement, of which the IRA is the military wing), the Nationalist Party, the Northern Ireland Labor Party, the Republican Labor Party, the Communist Party (an orthodox, peaceful, coexistence-oriented party), and the National Democrats. Its first chairman was a trade unionist, and its aims were defined as follows:

> To define the basic rights of all citizens.
> To protect the rights of the individual.
> To highlight all possible abuses of power.
> To demand guarantees for freedom of speech.
> To inform the public of their lawful rights.

The Civil Rights Association was gradually transformed from a small, middle-class pressure group into a mass movement well beyond the expectations and control of its founders. The movement grew in the face of harsh repression of both an official and unofficial character. Although the government took little action in regard to civil rights grievances, even the moderation of O'Neill's remarks to the world press aroused great anxiety and resentment among socially underprivileged Protestants, who understood any concessions to Catholics as a threat to their own marginal advantages.

August 1968 to August 1969 was the year of civil rights. A series of moderate marches throughout the province evoked brutal attacks from the police, their auxiliaries (the B-Specials), and Protestant vigilantes. Demonstrations were interspersed with promises of reform from O'Neill, and cries of "Betrayal" and "No surrender" from the Protestant backlash led by former

* O'Neill's move of course followed a gradual reversal of Eire's trade policy from high protective tariffs to free trade.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Minister of Home Affairs William Craig and the Reverend Ian Paisley. Many ended in riots, with Catholic street gangs battling the Royal Ulster Constabulary as it rampaged through the Bogside ghetto of Derry or the Falls Road of Belfast. When the CRA vacillated before promises of reform, the PD was on hand to keep up militant pressure. O'Neill came under great pressure from London and suffered right-wing defections from within his party and cabinet. He survived the February 1969 General Election, but his showing was hardly impressive. Right-wing Protestants showed increased electoral strength, and civil rights candidates split the traditional Nationalist vote in several constituencies. Six weeks later, after another major riot in Derry, O'Neill resigned the Premiership and was replaced by Major James Chichester-Clark. The worst of the year's rioting erupted in the summer, following annual Protestant marches on July 12 and August 12, two holidays which at once celebrate seventeenth-century victories of Protestants over Catholics and declare, in a martial atmosphere, the present-day domination of settler over native. After three days of rioting in Derry (during which the disturbances soon spread to several other cities, with the most violent confrontations of all occurring in Belfast), the British intervened militarily. In a matter of days, they had deployed several thousand troops across Northern Ireland, and an atmosphere of uneasy calm prevailed.

Growth of Armed Struggle

At first, the troops were welcomed in the Catholic communities, in much the same way as Federal marshals were welcomed by SNCC workers in Mississippi in the summers of 1963 and 1964. They were accepted as impartial guardians of a law and order that would redress the grievances which had developed under the repressive rule of the Ulster Protestants, whose police consistently behaved with the decorum of Southern sheriffs. It was widely assumed that the presence of the British Army would put an end to excesses of brutality and that the Labor Government might itself intervene directly to meet the modest demands of the civil rights movement. If there was still a high degree of nationalist (anti-British) consciousness among Catholics, there was nonetheless also a strong

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sense of political realism and a widespread acceptance of the material benefits which derived from association with the British welfare state (and which would be lost if Northern Ireland were incorporated into impoverished, underdeveloped Eire). But in a matter of six to eight months, the attitude toward the British troops had moved 180 degrees. The insurgent ghettos which had fought the RUC and B-Specials were now battling the British Army.

Three factors account for this change. One is the general socio-economic framework of the Northern Ireland problem, discussed above, which makes it virtually intractable without radical measures. The second factor was the unwillingness of the Wilson administration to make even token moves in a radical direction in an election year. The Labor government clearly knew the risks of a violent Protestant backlash against any meaningful reforms, and it refused to run this risk at a time when the Tories were already campaigning for law and order. Labor wanted to sit on the whole Northern Ireland problem until after the election. It couched every proclamation on the problem in non-controversial terms within a consensus which Liberals and Conservatives would share, effectively leaving practical day-to-day matters in the hands of the Army Command in Belfast under General Freeland, a veteran colonial soldier renowned for his command of the Mau Mau campaign in Kenya. The third factor was the resurgence of republican leadership in Catholic strongholds.

Because of its illegal status throughout Ireland, the republican movement is difficult to evaluate. Many commentators had come to regard the IRA as a cynical hoax, mutually perpetrated by its aging commandants and the Stormont Cabinet, in the way that HUAC and the CP kept alive the myths that the CP led every progressive movement in the USA. My own analysis is therefore tentative and subject to revision as more facts come to light. There is no doubt that a strong undercurrent of republican sentiment has remained in Catholic areas of Northern Ireland for fifty years, but it would seem that the organizational strength of the Sinn Fein party and its military arm, the IRA, deteriorated considerably over the years.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Circulation of the republican newspaper, *United Irishman,* dropped from 100,000 in 1957-1958 to 14,000 in 1967. An armed campaign was launched in 1956, but collapsed in utter failure in 1962. Its leaders acknowledged that the campaign had no political resonance among the masses of the Catholic population. Its actions were often no more than isolated bombings. There was an absence of visible anti-imperialist thrust, since the British troops were not present and the local neo-colonialist police force was able to handle the campaign successfully. Many IRA members and sympathizers were arrested, and they stood mute in the courtroom, feeling that even a political defense would imply an unwanted recognition of the imperialist courts. The result was a futile sacrifice of the leadership on the altar of purist principles.

An important self-criticism followed. An IRA Council met virtually every other weekend for some eighteen months during 1963-1965. It was agreed that the movement should strive to integrate itself more deeply in mass agitational struggle (tenants' committees, campaigns for fishing rights, civil rights activity, etc.). The purist, abstentionist position on imperialist institutions was rejected in favor of political defenses in the courtroom, and even parliamentary candidates in certain circumstances. There can be no question that republicans were to play an important role in the civil rights struggle as it developed in the late sixties, but the magnitude of this role cannot be accurately ascertained at this time. Likewise, republicans did play a vital role on local defense committees in the Bogside and the Falls Road, but their military preparedness seems to have been virtually nil in the August 1969 period when pogroms were widely feared and armed self-defense might have been welcomed. A further factor in the evolution of the republican movement is the intervention of young, highly politicized revolutionaries, especially in the South. The IRA now describes its program as socialist, and this change in course undoubtedly owes something to the role of young Marxist-Leninists.*

* The latest word reaching me indicates that PD is losing all support, with its younger members joining Marxist groups and going over to the Republicans.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In January 1970 there was a split in the Sinn Fein. One faction was sharply critical of the IRA's lack of military preparedness and at the same time unhappy with its abandonment of traditional abstentionist principles. This wing is known as the Provisionals. On the one hand, it emphasizes armed struggle as the necessary path to liberation but, on the other, attacks the rest of the republicans for having been taken over by "extreme socialist" elements. One Provisional leader whom I interviewed in Dublin charged that the other faction wanted to "turn Ireland into a revolutionary socialist state along the lines of Cuba." He claimed to be a more moderate socialist, and when I asked whether there was a country which provided a model for the forms he had in mind he immediately suggested Denmark! The politics of both factions are obviously muddled and confused at this time, but this confusion should not be exaggerated, since it reflects little more than their general isolation from the world revolutionary movements. As the struggle proceeds, we can expect much of this parochialism to be lost.

Whether a new basis of unity will be found between the contending factions for republican leadership is impossible to predict from this distance, just as it is impossible to determine who is responsible for any particular armed action which we may read about. Suffice it to say that we have confirmed the massive importation of arms into Northern Ireland and that an intensive program of military training is underway. Bombings occur daily, principally in Belfast. Sporadic sniping incidents are also commonplace. The British Army's consistent response has been a classic reliance on counter-insurgency technique and (in an echo of Curtis LeMay) "superior firepower." The British rely on weapons of community punishment, like CS (a "super tear gas"), which distribute their effects disproportionately upon those whose age and health make them least likely to be involved in riots. The political effect is to unify the community behind those who fight the Army: the street gangs, in the first instance, and the republican adherents of armed struggle in longer range political terms.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Implications for Britain

What is perhaps most significant in these developments is that another Vietnam has come home. More than any other country in the West, Britain has fostered the myth of a non-violent, civilized society, symbolized by the unarmed London bobby. Its working class has been integrated into bourgeois society in an unparalleled way, not by virtue of material corruption (wages remain incredibly low) but through an incorporation into an enormous, bureaucratic, century-old trade union structure regulating, canalizing, and sterilizing every aspect of class struggle. As in most of the advanced industrial nations, the condition of ever-present violence understood by Marx as the essence of class struggle has been muted, and the classically violent set of relations has been transferred to another sector, which we can designate conceptually as non-integrated economic minorities (like the blacks, Chicanos, and Puerto Ricans in the United States or the two million foreign workers in France). Increasingly, the Third World populations within the advanced nations are responding with armed resistance to the daily violence and racism which they experience, just as their brothers do in the Third World itself. Even in its period of greatest peace at home, Britain was fighting a series of Vietnams throughout its former colonies (Malaya, Kenya, and Aden). Today its counter-insurgency in the Arabian Gulf States continues; but for the first time, Vietnam has come home to Britain, in the armed resistance of the colonized Irish within a territory which the British claim as part of the United Kingdom.

The repercussions within Britain itself have yet to be felt, but it is not farfetched to imagine Irish riots within the largest English industrial cities as the repression in Northern Ireland escalates. There are tens of thousands of Irish workers in Britain, and many maintain their families in Northern Ireland. They are by no means integrated into the union structure. A large proportion work in the building trades or in other forms of casual labor outside the union structure altogether. Nor are the Irish in Britain culturally assimilated. They maintain a largely independent culture, through Irish pubs, dance

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

halls, and, once again, the Catholic Church.

The response of the British Left has been varied. Ten thousand British troops in Malaya would have evoked a more united, clear-cut response. Few would have argued (as some do in regard to Ireland) that the troops have a progressive role, bringing bourgeois democracy to a fascist province. Dogmatic adherence to socialist orthodoxy has prevented some groups from appreciating the Third World character of the Irish struggle, but it is unlikely that such dogmatism will survive a period of intensifying bloodshed in Ulster. The opportunities for concrete solidarity with the Irish struggle are great and certainly include forms of strategic sabotage of the British military. In many ways, the response of the British Left to this crisis will measure its prospect for serious ongoing activity on other fronts; this is an opportunity to escape the paralysis which it has suffered for so long. Ireland provides an organic means of relating to the primary contradiction of our epoch, that between the imperialist ruling classes and the national movements for self-determination. If the English movement can build revolutionary consciousness around this struggle, they will have rescued Marxism from the corridors of the British museum and put it back into the struggles of the streets.

Full opportunity for full development is the unalienable right of all. He who denies it is a tyrant, he who does not demand it is a coward; he who is indifferent to it is a slave; he who does not desire it is dead. The earth for all the people! That is the demand.

—Eugene Debs

The bourgeois of our day considers himself the legitimate successor of the baron of old who thought every weapon in his own hand fair against the plebeian, while in the hands of the plebeian a weapon of any kind constituted in itself a crime.

—Marx, *The Civil War in France*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"WELFARE STATE" AND SOCIAL CONFLICT

BY JACQUES HERSH

Developments in the highly industrialized Western societies in the last few years have, generally speaking, found the traditional Left of these countries completely unprepared. At the same time it may be assumed that these experiences will prove to be highly valuable to the "new" Left and mark it politically in the coming years. Taken together, the upsurge of the liberation movement of Afro-Americans in the United States, the May 1968 events in France, and the wildcat strike movement which took place in most of Europe during the past year or so have done much to destroy the myths about social stability of advanced capitalist nations and added to the political experiences of the Left.

On a smaller scale, but nevertheless of qualitatively equal importance, has been the failure of the much celebrated and supposedly harmonious Scandinavian "welfare state" models to live up to their reputation. This was demonstrated at the end of 1969 and the beginning of 1970 by important wildcat strike movements in both Sweden and Denmark. These social conflicts in so-called "advanced capitalist countries" cannot but force the European Left (as well as the Right!) to revise some of their (mis)conceptions about late capitalism's ability to reduce social contradictions. Interestingly, it may be pointed out that besides the state institutions and the employers' associations which naturally enough dislike any kind of "anarchy"—especially in the labor sector—the labor union bureaucrats have also correctly recognized in these movements a challenge to their authority and to their privileged situation as middlemen between workers and employers.

Long before open conflict between labor and capital broke out, the Danish establishment had revealed how touchy and

Jacques Hersh is a French-American living in Denmark, who writes on politics and economics for Danish publications.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

unwavering it is about its authority. In the summer of 1968 when, under the impact of the May revolt in France, Danish students began to agitate modestly at the university with demands for "participation," they met with little sympathy. Even though no comparison could be drawn between the situation in Paris and Copenhagen, the Danish Prime Minister, Hilmar Baunsgaard, saw fit to warn youth generally, and the Left in particular, by declaring: "Youth has the right and duty to criticize me and my generation thoroughly. But I warn them against provocations through encroachments upon the order of society. This would boomerang and their revolutionary inclinations would be met by corresponding reactionary manifestations. Reaction would be victorious," and leaving no room for misunderstanding, he added emphatically, "because reaction represents ownership."

The Prime Minister, who came to power in a bourgeois coalition government after the 1968 general election, belongs to the Radical Party, a right-of-center formation, which, until assuming the functions of government, had been known for its anti-militarism and liberalism. His warning, which expressed a social reality and a clarity of intentions on the part of the possessing classes, is an unmistakable indication of where the real power in Danish society is located. Because, regardless of the many myths about Denmark, deep economic differences containing potential sources of social conflicts do exist.

Due to the Social Democratic Party's dubious "socialist" politics and the favorable economic development of the past, these factors have been very much played down in the political consciousness of the population. Of course this does not mean that the party, the biggest in the country, lacked the human resources to make a class analysis of society and develop a political strategy accordingly. Only the willingness was lacking! This was proven by the very revealing book, published by a leading Social Democrat one year after his party's electoral defeat, which put an end to Social Democracy's almost uninterrupted tenure of office since the Second World War. In his book *Velstand uden velfaerd* (Wealth without Welfare) Bent Hansen, the chief editor of the Social Democratic party organ, published an indirect indictment of his party's lack of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ability to transform fundamentally class relations through reforms. To his subtitle, "A Criticism of Danish Class Society," one could add a bit maliciously: "And a Criticism of Danish Social Democracy."

To illustrate the past and present inability of the political institutions to alter in any meaningful way the class structure of Danish society, we can point to the following data given by the author. In 1870, that is to say at the beginning of the industrialization process in Denmark, 2 percent of the population received one quarter of total income, while ninety years later, in 1961, this percentage had increased to only 9 percent. In 1870, approximately 91 percent of the entire taxpaying body paid half of the total revenues, while in 1961 the same portion was paid by 75 percent of all taxpayers. In other words, although the proportion in the higher-income brackets has increased four times, the lower income groups are hardly getting a larger share of the revenues than they did almost a century ago. Furthermore, as Bent Hansen points out, these statistics are furnished by the tax authorities and are therefore subject to caution. It is a recognized fact that the higher-income groups have much greater tax-deduction possibilities than those with lower revenues, which would indicate that the apparent minor levelling-off of incomes during these past ninety years has in reality been almost insignificant. What occurred in Denmark was not a more equal distribution of wealth and power, but a rise in the general living standard corresponding to the growth of the national product. An important factor which this leading Social Democrat fails to mention and which blurs the picture still further, is the advantageous international trade relations the country has benefited from for many years. Due to the terms of trade, Denmark is able to import low-priced raw materials for her vital industries and agriculture, while exporting refined quality products at ever increasing prices, and in this way to participate in what Pierre Jalée calls "the pillage of the third world." This fact of course reduces even further the meager accomplishments of the Danish Social Democrats.

Contrary to all expectations about the so-called "welfare state," according to the conclusions reached by Bent Hansen,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CHRISTMA

All cloth books. Minimum order $5. Buy $10 worth and add an

$1.00 (List price range $3 to $5!)

1. **PAUL A. BARAN: A COLLECTIVE PORTRAIT edited by Paul M. Sweezy and Leo Huberman.** The life and work of one of the outstanding Marxist political economists of our time.
LIST $3.50 — SPECIAL $1.00 (9s.)

2. **BURNING CONSCIENCE by Claude Eatherly and Gunther Anders.** The controversial story of "the Hiroshima pilot" as told through his correspondence with a noted German philosopher. Preface by Bertrand Russell and Foreword by Robert Jungk.
LIST $4.00 — SPECIAL $1.00

3. **LOVE TO VIETNAM by Edita Morris.** "This beautiful and terrible novel, told in the form of letters, describes the love affair between a Japanese youth burned at Nagasaki and a girl napalmed in Vietnam. Written gently and with obvious insight into Oriental thought, its antiwar, anti-U.S.-hawk message nevertheless penetrates like the scream of a dying child"—**Newsday.**
LIST $5.00 — SPECIAL $1.00

4. **FIFTY YEARS OF SOVIET POWER edited by Leo Huberman and Paul M. Sweezy.** A symposium offering a critical scrutiny of Soviet society. "It is the chief merit of this collection of essays that its contributors, members of the Old and New Left, are more concerned with Russia's future than its past."—**New York Times Book Review.**
LIST $4.00 (37s.) — SPECIAL $1.00 (9s.)

5. **REVIEW I edited by Frances Kelly.** MR's cultural supplement. "Impressively high standard."—**Tribune** (London).
LIST $3.00 (27s.) — SPECIAL $1.00 (9s.)

$2.00 (List price range $5 to $6.50!)

6. **THE LABOR SPY RACKET by Leo Huberman.** "A classic work on labor espionage."—**The Nation.**
LIST $5.00 (45s.) — SPECIAL $2.00 (18s.)

7. **LEAVES IN THE WIND by Gwyn Thomas.** "Seldom has more beautiful writing gone into a work which depicts so horrifying a struggle, between idealism and realism, between wealth and the masses, between masters and men."—**New Haven Register.**
LIST $6.50 (55s.) — SPECIAL $2.00 (18s.)

8. **ADEN ARABIE by Paul Nizan, intro. by Jean-Paul Sartre.** This extraordinary meditation upon bourgeois society and the revolt against it is the first of Nizan's books, widely read by modern French youth, to appear in English.
LIST $6.00 (54s.) — SPECIAL $2.00 (18s.)

9. **MERRIE ENGLAND by Robert Blatchford.** "A classic in the history of English socialist thought. . . . This reprint makes a basic and rare historical document readily available at a cheap price in hardcover."—**Choice.**
LIST $5.00 — SPECIAL $2.00

10. **THE SOCIALIST REGISTER, 1968, edited by Ralph Miliband and John Saville.** The fifth of a series of annual volumes concerned with problems of socialist theory and contemporary politics. The range is world-wide and the contributors are drawn from many countries.
LIST $6.50 — SPECIAL $2.00

$3.00 and $4.00 (List price range $6.75 to $12.50!)

11. **LANDS ALIVE by René Dumont.** "Probably the greatest expert on world

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

BOOK SALE

1 book free; $20 worth and add $2 worth of books free, etc.

agricultural systems . . . enables us to face the actual practical problems which have to be solved in increasing food production in many diverse countries." —**Science & Society.**

LIST $6.75 ——— SPECIAL $3.00

12. **THE TIMELY RAIN: TRAVELS IN NEW TIBET by Stuart and Roma Gelder.** "Highly lucid account of the new Tibet by the first Westerners allowed in since 1951. Descriptions of yaks stampeding on runways, gold-smothered palaces, and a sculpture made from one and a half tons of butter, mix with an intelligent, non-biased appraisal of the effect of a Communist government on the religion, the people, and their professions. First-class colour photos."—**Punch.**

LIST $8.95 ——— SPECIAL $3.00

13. **WORLD CRISIS IN OIL by Harvey O'Connor.** A survey of the world industry by the author of several studies of American big business. "Extremely informative. . . . The evidence is all proper nouns and dates and hard figures."—**St. Louis Post-Dispatch.**

LIST $7.50 ——— SPECIAL $3.00

14. **WE, THE PEOPLE by Leo Huberman.** History of the U.S. with emphasis on the common man, not the leaders. Revised edition of 1947 with 58 illustrations by Thomas Hart Benton. Selected by Life as one of six outstanding books on the American past.

LIST $7.50 (70s.) ——— SPECIAL $3.00 (27s.)

15. **WASTE by Danilo Dolci.** "The best of Dolci's surveys of Sicilian problems." —**Saturday Review.**

LIST $6.75 ——— SPECIAL $3.00

16. **THE THEORETICAL SYSTEM OF KARL MARX by Louis B. Boudin.** Many Marxist scholars consider this book to be the most important overall presentation of Marxism ever written by an American.

LIST $7.50 (70s.) ——— SPECIAL $3.00 (27s.)

All orders must be postmarked not later than December 31.

MONTHLY REVIEW PRESS
116 West 14th Street
New York, N.Y. 10011

I enclose $.....

Order Form

MONTHLY REVIEW PRESS
33/37 Moreland Street
London, E.C. 1, England

I enclose £.....

Please rush to me, postage paid, the selections circled below.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

Minimum order $5 (45s.). A $10 (90s.) order entitles you to an additional $1 (9s.) book FREE. A $20 order entitles you to $2 (18s.) worth of books FREE, etc.

- ☐ My order is $10 or more, so I am circling $1 (9s.) worth extra
- ☐ My order is $20 or more, so I am circling $2 (18s.) worth extra
- ☐ My order is $30 or more, so I am circling $3 (27s.) worth extra

Name .....

Address ..... Zip .....

NOTE: If you do not want to cut out the coupon above, please order by number on another slip of paper.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

a small privileged upper class still owns the greater part of all private fortunes; and in spite of nearly 100 years of struggle for economic equality, hardly any meaningful results have been achieved. In this greatly advertised society, extreme differences of opportunities and standards of living coexist, and the social reforms which on paper should have had the effect of redistributing the national wealth are in fact mostly paid for by the poorer classes themselves. Even the system of justice and the tax structure one-sidedly continue to favor the economically privileged. This well-documented book is, in fact, a monotonous repetition of examples proving that the same class structure that exists in all other capitalist countries also exists in Denmark. As the author concludes: "Beneath the surface of a modern welfare society, social injustice and social barriers are still thriving. . . . In our time the gap between the rich and the poor is growing deeper."

From a Marxist point of view, there should be nothing shocking in these revelations. But, coming from a Social Democrat and because of the widespread illusions about the Scandinavian "welfare state," the message is well worth stressing. In fact, Bent Hansen's book proves beyond any doubt the difficulty, not to say the impossibility, of changing the fundamental economic structures of society within a parliamentary system and institutions. At the same time the Prime Minister, in his above quoted remark, warned Danish youth that any serious attempt to change the social order through direct confrontations, however small or insignificant these might be, would be met with the most determined resistance and would, as its most immediate result, call forth reactionary forces "representing ownership."

In Denmark, as in most Western capitalist countries, there are no political parties at present which have realized the full implications of this internal law of the system. However, only a few years ago a Social Democratic government, with support from the Socialist People's Party (SF), had a working parliamentary majority and theoretically could have carried out radical reforms. Until then, the various Social Democratic governments had always depended on support from the right-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of-center Radical Party, and the lack of a socialist parliamentary majority was a favorite excuse for not introducing socialist measures. The right-wing Social Democrats within this "Red Cabinet," as it was called, forced the SF Party, through a series of compromises, to accept many of the most unpopular policies in recent years, including the tax on value added. In the same period the percentage of unemployment doubled, adding to the general disillusionment. The crisis which ended this parliamentary cooperation took place in the fall of 1967, when the Social Democratic government—without consulting the SF Party—followed the English devaluation of the pound by devaluating the Danish crown. In a further attempt to reduce the inflation and the large balance-of-payment deficit which had been pestering the economy, the government proposed that the contracted wage increase, which labor was entitled to, should be withheld. These two measures, which from a liberal point of view should favor exports over imports, were bound to add to the burden of the working class by further decreasing its purchasing power. During a crucial vote in Parliament, the SF Party split on the question. Under the slogan, "Save the workers' parties' majority," the right wing of the party under Aksel Larsen (former leader of the Danish CP) voted for the government proposal. The left and more idealistic wing of the party, which had become more and more uncomfortable because of all the compromises it had been forced to make, voted together with the bourgeois parties against it, thereby defeating the proposal. The government then chose to dissolve Parliament and called for elections, which brought the present bourgeois coalition to power.

This experience proved quite clearly that the only economic measures which a "socialist majority" could carry out, when faced with difficulties, were similar to those of any non-socialist political formations. Therefore, the wildcat strike movement, which broke out in Denmark at the beginning of 1970, besides being a reflection of the deteriorating economic climate, was undoubtedly also a sign of an incipient credibility gap between the political organizations and the working class.

As in other countries, labor negotiations in Denmark in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

recent years have been regulated by negotiated contracts. This has resulted in a kind of "peaceful, class coexistence" which prevents any spontaneous strike movement from developing, while at the same time transforming labor union functionaries into a kind of bureaucracy whose main endeavor is to preserve social peace and ensure the smooth functioning of the production apparatus. The main hindrance to the successful continuation of this social peace has been the uncontrollable inflation which Denmark—as well as other countries—has witnessed in recent years. Because of a desire to control inflation, a growing unwillingness to accept negotiated and contracted wage increases resulting from the general rise in the cost of living has manifested itself on the part of the various governments. At the same time, through direct and indirect tax increases, measures have been taken to reduce real wages and thereby decrease consumption without reducing the profit rate, which could have resulted in extensive unemployment. Needless to point out, guidelines for price increases for the business community do not exist, even though state control organs having this function exist on paper.

It is quite clear that under these circumstances the "social peace" which had transformed class struggle into bargaining sessions could not remain unaffected. Furthermore, it is worthwhile to remember that negotiated wage increases only come into effect several months after price increases have been registered by the statistical department of the government. In other words—even assuming that the official statistics represent a true picture of price increases—the workers are always behind in their pay raises, thereby giving the business community a delay that is highly valuable in a time of liquidity difficulties. Furthermore, as soon as salaries are raised, prices increase immediately, thus affecting goods already produced prior to the rise in the costs of production. This universal phenomenon of inflation overridingly benefits the employers at the expense of workers and consumers.

It is undeniable that, because of these economic realities, a certain malaise is beginning to make itself felt among the working class, which is beginning to realize that so-called work-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ers' parties and even a so-called "socialist majority" in Parliament do not in reality represent any alternative to the mechanisms which exploit them both as producers and as consumers. Besides the economic squeeze, dissatisfaction with the general climate at their places of work (resulting from increased work tempo, efficiency demands, and stress) is becoming widespread.

It was in this climate that Scandinavia's attention was drawn to the Swedish miners' strike in Kiruna at the beginning of December 1969. This wildcat strike, even though it included economic demands, was motivated first and foremost by inhuman working conditions, which have been eloquently described by the well-known Swedish author Sarah Lidman in her book *Gruva* (The Mine). The book was much discussed in Denmark, and when the strike broke out there was general popular sympathy with the miners. In this connection one should bear in mind the close cultural and ethnic relations between Scandinavian countries, which means that an event in any one of them concerns the population of the others in a much more direct manner than events elsewhere in Europe. This attitude is an interesting side effect of the official ideological "credo," according to which Scandinavia is more or less "the best of all possible worlds."

This widespread attention to a social conflict in neighboring Sweden, together with the general social discontent in Denmark, gave the Danish Communist Party (DCP) an opportunity it had not had for many years. While its solidarity with Vietnam has always been rather lukewarm, the DCP quickly developed a campaign of solidarity for the Swedish miners by collecting money and by agitating at the places of work throughout the country. Although the Communist Party is without any real representation in Parliament (one seat only) and with little influence among intellectuals and students, it is, together with Social Democracy, the only party with any influence on organized labor. Because of the above mentioned factors, plus this agitation by the DCP and other leftist groups, wildcat strikes began to break out at various enterprises. In addition to economic demands, many of these bore the mark of general discontent as well, and indirectly were a challenge to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Social Democratic-dominated labor unions, which were completely taken by surprise. As an indication of this mood, strikers, besides staging demonstrations in front of the employer-association's building, also spontaneously arranged a demonstration against the "bureaucrats" at the headquarters of the national labor union.

The DCP, thinking that the time was ripe to develop a popular-front strategy against the bourgeois government, speculated that by gaining favor in the working class they could indirectly apply pressure on Social Democracy and the SF Party and force them into some coordinated strategy. In this attempt at "populism," the party developed a purely economic line during the entire conflict, spreading the slogan: "One crown more per hour!" It is significant that at the beginning of the conflict, the party organ, *Land og Folk* ran an editorial under the heading, "One crown will bring happiness," developing theories which could not but mystify and confuse. Disregarding completely the inflationary process, and failing to point out that wage increases under the present system are invariably accompanied by price increases which speed the price-wage cycle upwards without bringing any real relief to the conditions of the working class, the paper seemed to imply that a certain utopia was possible under capitalism when it wrote: "It has never harmed the Danish economy, production, and employment, when workers received wage increases. On the contrary it has been beneficial." And creating still more illusions, the paper added: "That workers acquire good conditions through their struggle is bliss for the country."

In the international context, one is reminded of the French CP's line at the height of the social conflict of May 1968, when it turned the political struggle into a purely economic one which could be negotiated in a "gentleman-like" agreement. The similarity of tactics which European Communist parties seem to utilize should, indeed, lead to certain conclusions about revisionism in the industrialized capitalist nations.

While the French CP was able to justify its actions by the large wage increases which were obtained during the conflict, the strike movement in Denmark was defeated. Social Democ-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

racy and SF, which had refused to back the wage increase movement, introduced in Parliament a tax deduction proposal for the lowest-income groups, which was equally defeated, since the bourgeois government would not allow any measures to interfere with its economic policies. The employers' association, self-satisfied after its victory, brought the whole affair to the so-called "labor court" demanding that the shop stewards who had encouraged strikes on the job be punished and dismissed. The labor union bureaucracy knew full well that, if such a course of action was adopted and much publicity given to it, the entire institution of shop stewards would be compromised, since it would reveal to the workers the true function assigned to it by employers and labor unions, namely that of keeping the peace and ensuring the proper functioning of production. In this situation various labor union leaders around the country called for solidarity strikes to "protect the shop stewards," while at the same time the national labor organization was able to convince the employers' association to drop their charges, while accepting that all workers who participated in these "illegal" strikes would be assessed fines.

Whether this failure of the strike movement will result in a strong enough frustration and feeling of weakness among workers to prevent wildcat strikes in the future will depend upon general economic conditions. Labor unrest is in fact nothing new in Denmark. But whereas the last general strike in 1956 and the strike movement at the beginning of the 1960s took place at a time of economic upswing, this last strike movement is taking place at the beginning of a general deterioration of the economic climate.

However, even if the strike movement had succeeded in obtaining "one crown more per hour," the long-term benefits would probably not have been much greater. The question which arises from this and similar experiences in advanced capitalist nations is whether it is at all possible through the traditional channels of political activity to achieve anything but temporary economic gains, thereby indirectly strengthening the system by channeling discontent into less "harmful" directions.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

How contradictory this "normal" type of political activity is was touched upon by the former minister of the economy and previous head of the OECD Thorkild Kristensen in an article in the government paper *Politiken,* in which he compared what happened in Denmark with the French upheaval of 1968. Even though events in Denmark never reached comparable proportions, he makes a very essential point about political relations in industrialized capitalist countries when he writes: "In both cases the leadership of labor organizations lost control, and the illegal actions at various places of work forced the workers' political leadership (political parties) to make demands which they would otherwise have refused, had they themselves had governmental responsibility." It is absolutely correct to point out that nearly all political parties in Denmark—as in other countries—when in opposition often find it convenient to make demands which they would refuse to fulfill if they were in power. It is indeed doubtful whether they can act otherwise, as long as they are unable or unwilling to attack the fundamental economic structures of the country—with all the implications such a course of action would have!

In an interesting article in MONTHLY REVIEW (November 1969), "Corporations and the Cold War," David Horowitz describes the ability of the U.S. business community to influence the political system. Although differences between the political situation in the United States and European countries do exist, many of his observations could apply equally to Denmark's case. "In the national economy," he writes, "the small oligarchy of corporate and financial rulers, who are responsible to no one, determine through their investment outlays the level of output and employment for the economy as a whole. As Keynes observed, the national prosperity is excessively dependent on the confidence of the business community." Any half-way measures taken by a political party in power which would not enjoy the confidence of the business community would be tantamount to committing political suicide, since the business community would immediately search for better and safer places to invest its capital. The resulting outflow of capital and lack of foreign credits would create economic and political

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

difficulties for the government—widespread unemployment not being the least.

It was characteristic that during the Danish election campaign of 1968, in a period of considerable unemployment, virtually all political parties developed themes of "full employment" depending upon the creation of a more favorable business climate. That the acceptance on the part of socialist parties of this "internal law" of capitalism (recognizing that a favorable climate for the business community is the precondition for full employment and the smooth functioning of the system) inevitably leads to reformism is obvious. The history of the Social Democratic Party is nothing but the demonstration of this mechanism, which prevents the carrying through of radical reforms that otherwise could transform class and economic structures of society in a meaningful way. Parties which have the intention of carrying out revolutionary reforms when they succeed in taking over political power have either to mobilize direct support for their policies from the business community through compromises or develop a completely different, revolutionary strategy based on the mobilization of the masses in order to immediately take over control of the economic centers of decision.

Even though the full implications of this have not been realized yet by any of the left political parties in Denmark, extra-parliamentary groups among Danish youth are beginning to concentrate their attention on it. The success of these attempts will depend to a large degree on subjective factors such as class analysis, organizational work, strategy, etc., as well as on objective factors such as the deteriorating economic conditions in the entire so-called "free world," which will certainly affect Scandinavian "welfare states" as well. These developments offer new opportunities to those conscious elements of the new Left with a genuine historical perspective.

He who renounces the struggle for socialism renounces both the labor movement and democracy.

—*Rosa Luxemburg*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

November books from Monthly Review Press

EUROPE VS. AMERICA: CONTRADICTIONS OF IMPERIALISM / ERNEST MANDEL

". . . has already considerably influenced the attitudes of the Marxist left and of the student movement in continental countries. . . . But it is to be recommended to a far wider audience . . . offers a concise and lucid resumé of some of the most important facts about the current international economic scene . . . a wealth of material."

CL1494/$5.50 —Times Literary Supplement

THE MILITARY ART OF PEOPLE'S WAR / SELECTED WRITINGS OF GENERAL VO NGUYEN GIAP

This collection includes the major writings of General Giap from the 1940's to the end of the 1960's. Most of this material has never before been available in English. The book is presented with a valuable historical introduction by Russell Stetler.

CL129X/$8.50/78s

A SURVEY OF CHEMICAL AND BIOLOGICAL WARFARE / JOHN COOKSON AND JUDITH NOTTINGHAM

This is the most comprehensive study to date on the manufacture and use of CBW agents: a massive scientific study documenting the nature of these weapons, their use, and the complex connections of international research and funding. The volume includes extensive documentation contrasting official statements with reality, and a critique of disarmament proposals.

CL1435/$9.75

THE ARAB WORLD AND ISRAEL / AHMAD EL KODSY AND ELI LOBEL

This volume includes, in addition to the essay "Nationalism and Class Struggles in the Arab World" by Ahmad El Kodsy which appeared as the July/August issue of **Monthly Review**, an essay by Eli Lobel, "Palestine and the Jews." Kodsy's essay is a comprehensive survey of the region from Gibraltar to the old Ottoman Empire, and a penetrating discussion of the effect of Israel on the Arab class struggles. Lobel provides an informative history of Zionism as a background for his discussion of the Palestine problem today.

CL1672/$6.00 (cloth) PB1680/$2.25 (paper)

116 West 14th Street, New York, N. Y. 10011
33/37 Moreland Street, London, E.C. 1, England

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

SPAIN:
The Glory and the Tragedy

by Robert G. Colodny
(University of Pittsburgh)

The Spanish Civil War of the 1930's was one of the most dramatic and decisive events of the very eventful 20th century. Quite properly the literature concerning it is enormous and the interest in it shows no signs of waning. On the contrary, in the past four or five years there has been a deluge of books in the United States dealing with one or another phase of that struggle.

A momentous contribution to this literature has now appeared with the publication of SPAIN: THE GLORY AND THE TRAGEDY, by Robert G. Colodny, a professor of history at the University of Pittsburgh and himself a Veteran of the Abraham Lincoln Brigade. One has, then, in this book the mature product of an eyewitness and participant and of a distinguished historian and author. The work treats not only of the reasons for and the conduct of the War, but also of its international ramifications, involving Western Europe, the Soviet Union and the United States. Its reference section constitutes one of the most complete annotated bibliographies on the Spanish Civil War available in English.

Here is a passionate yet precise account of the Battle for Spain which touched the hearts of all humanity and helped shape mankind's future.

●

1970, 96 pp., $5.00
HUMANITIES PRESS INC.
303 Park Avenue South
New York, N. Y. 10010

Published in cooperation with The American Institute For Marxist Studies.

(Advertisement)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

DECLINE AND FALL OF THE SPANISH EMPIRE

BY FREDERICK F. CLAIRMONTE

The Loss of El Dorado: A History, by V. S. Naipaul. New York: Alfred A. Knopf, 1970; 327 pp., $7.50.

V. S. Naipaul, one of Britain's leading men of letters and a native of Trinidad, has woven an intricate tapestry of that island's destiny from its European discovery at the end of the fifteenth century until the three revolutions of the last quarter of the eighteenth century: the American, the French, and the Haitian. To which should be added a fourth: the industrial metamorphosis in England.

This was the confluence of forces that irresistibly molded the island's history, deformed as it inevitably was by successive layers of colonization. The word "history" as Naipaul uses it is a trifle misleading: but without the lyrical imaginative grace of the novelist, the story would have lost its essential poignancy and dramatic quality.

The recent mass eruption of the Black Power movement in Trinidad, with its mutinous soldiery, its burnings, its imprisonments, was not an isolated historical aberration. The Black Power spokesmen of that island noted (as Frantz Fanon, a native of Martinique, had done in his *Wretched of the Earth*) that independence was nothing but a chimera, since the realities of economic power had now passed into the hands of a black administrative bourgeoisie; and that the bases of economic power—

Frederick F. Clairmonte is Visiting Professor at the Institute for International Economic Studies in Stockholm, Sweden.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sugar and petroleum—were effectively controlled, as they had been at the high noon of colonization, by expatriate white enclaves.

Such were the roles of race and class, and they were easily identifiable. But the crescendo of protest can only be grasped in terms of the island's history. Naipaul's essay is more than fiction; it is also something more than history, and it extends those frontiers charted in that classic work of the 1930s, *The Black Jacobins,* by C. L. R. James. In the widest spectrum, it is an allegory of the drama that is modern America: America not as synonymous with the U.S.A., but with all the peoples of the Americas. Flaubert once said that the small provincial setting of *Madame Bovary* was the universe itself. In a way, Trinidad, one of the provinces of El Dorado, with its legends and its mystifications, is a microcosm of the Americas.*

This work straddles two points of historic time: the colonization of the New World, and the quest for El Dorado by the contenders of Empire: England and Spain, France and Holland. Germany had not yet been born, but German mercenaries had, and they were there. It rings down with the triumph of British arms at the end of the eighteenth century and the demise of the Spanish Empire. The nineteenth-century novels of Henty and Marryat nourished the imperial idea among English schoolboys; they were also the stuff on which the colonial schoolboys were to be fed. The Arawak and Carib Indians, decimated at the time of colonization, had no history; nor for that matter had the blackskins. It was history refracted through the colonial prism, as taught to the natives.

By the end of the nineteenth century yet another race had been added to the racial brew of the Americas—the indentured Asian laborers from the impoverished Indo-Gangetic plain, slated to replace the blacks on the "free" plantations. These were the breed of men that Warren Hastings, a friend of Picton, had portrayed:

The Hindu appears a being nearly limited to mere animal functions and even in them indifferent. Their proficiency and skills in the several lines of occupation to which they are restricted

* El Dorado, literally translated, means "the golden man." It derives from the sixteenth-century legend of a tribe in northern South America whose chief was supposed to be covered with gold dust in annual rites. By extension, El Dorado became the supposedly fabulously wealthy country over which the chief ruled.—The Editors.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

are little more than the dexterity which any animal with similar conformation but with no higher intellect than a dog, an elephant, or a monkey, might be supposed to be capable of attaining.

By the end of the nineteenth century the island had been flung out of the historical orbit, or rather exorcised from the history books under the novel demands of imperial historiography. Writes Naipaul:

Picton was the name of a street; no one knew more. History was a fairytale about Columbus and a fairytale about strange customs of the aboriginal Caribs and Arawaks. It was impossible now to set them in the landscape. History was the Trinidad five-cent stamp; Raleigh discovering the pitch lake. History was also a fairy tale not so much about slavery as about its abolition, the good defeating the bad. It was the only way the tale could be told. Any other version would have ended in ambiguity and alarm. The slave was never real.

By then all had been reduced to Christianity, or almost all.

And yet the heroes and anti-heroes were real. Naipaul's story is the wider story of El Dorado, the fabled city of gold; the odyssey of Antonio de Berrio, and that quixotic Renaissance adventurer, Sir Walter Raleigh, whom El Dorado pushed to a gambler's death, as it did de Berrio; the drama of the torture of a fifteen-year old girl, Luisa Calderon, at the end of the eighteenth century; and the fall and rise of General Picton, the first governor of Trinidad and a hero of the Peninsular Wars and Waterloo.

But interwoven with the quest for gold was the fate that befell the Indian. Like the Aztec in Mexico, the Carib Indian was a deterrent to the enterprise of empire, and to the yet wider empire of religion and civilization. Resistance was to be met with extermination. "Their crimes are so notorious, and of such gravity that there can be no hope of reducing these people by means of the Gospel. Your Majesty must dispeople these islands of Caribs. If something is not done about this, it will be impossible to maintain any settlement in Trinidad, Cumaná, Margarita and other places." But, for several reasons, the "final solution" could not be carried out. As the pacification campaigns rose in intensity the Indians fought back, and the blacks became more fractious.

The chains of Spanish mercantilism could not bar the in-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

trusions of "the bartering Dutch and English" or "the wicked French" in quest of tobacco to meet the consumer demand unleashed by Raleigh. The myths of El Dorado with its mountains of gold began to be questioned. Other kinds of gold were to be found: the blackskin, the pillar of the mercantilist edifice. King Cotton and Queen Tobacco had now been born—and they were not myths. Trinidad became the English word for tobacco (before Virginia) in the sixteenth century. Spaniards were forbidden to trade with foreigners, but then there was no one else to trade with. Proclamations of mercantilist laws in Madrid were one thing, their enforcement another.

Encroachments on the Spanish Empire had now begun, albeit small ones: the first drops of water that were to crack wide open, two centuries later, the seemingly granitic structure of the Spanish *conquistadores.*

The islands to the North fell prey to France and England; and the slave plantations, the foundations of eighteenth-century mercantilist wealth, flourished. The historical landscape was changing: North America was being populated, and the Spanish Empire becoming peripheral. In those islands (such as St. Kitts), where the Indians resisted slavery, the French and English, rivals in all things, united to exterminate them "in one swift action." The mass black revolution in Santo Domingo was still a century away, but sporadic black slave revolts were a premonition of more serious things to come. Colonization had spawned a new idiom, "pacification campaigns," a phrase first brandished by Cortés, which was to gain wider currency in the seventeenth and eighteenth centuries. The Indian shrivelled; the Spaniard in his peripheral empire wilted; Spanish pacification campaigns were emulated by the English, the French, and the Dutch.

The economic imbalance between the islands was growing: to the North the sugar islands became more valuable. Guadeloupe was infinitely richer than Canada, "a few hectares of snow," as Voltaire derisively described it; but Guadeloupe, a mere 620 square miles, he labelled "the jewel of empire," and not without reason.

Belated attempts in the latter part of the eighteenth century to transform the old province of El Dorado into citadels of slavery as prosperous as those of the north were a policy anachronism. The decree of colonization came from Madrid in 1776, a fatal year for mercantilist fortunes: the year of the American rebellion

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and the publication of *The Wealth of Nations.* Mercantilism, whose fortunes had been built on the backs of blacks, had germinated the seeds of economic liberalism. Mercantilism and all its works were not only to be damned; they were to be destroyed. As usual, Spain was out of step.

Ironically, the Spaniards who had evolved their own code of the master race vis-à-vis the blacks and the Indians were themselves to be cast into purgatory as sub-men by their rivals. In the words of Baron de Montalembert, the owner of hundreds of blacks, the Spaniards were "an inferior, coarse, vulgar and indolent race." The Baron presumably knew, for he had conducted pacification campaigns against the Indians.

French colonizers in Trinidad were demanding investment guarantees of their property in blacks and Indians. Spanish laws were wholly inadequate for the recapture of runaway slaves. And comparisons with the emergent republic to the North were ominous reminders. "The new American constitution," wrote the French representative to the Spanish governor, "must enchant the mind of every citizen by its fanatical attachment to liberty." The year: 1777. If Spain failed to pursue such rational policies, its future could be jeopardized. It was blackmail of the sublimest order; and it was effective *realpolitik* since, as the French memorandum went on, the American republic "will play an important role in the balance of power in the two continents even if the Americans are compelled to be, for a few more years, under the domination of Great Britain."

But, as in everything else, Spanish officialdom was leaping from expediency to expediency. Social structures, even within the metropolis, were impermeable to change. To save the moribund remains of empire, the gates of its empty Caribbean islands were reluctantly unhinged to admit foreign settlers and foreign investment. But only in 1789 was the Trinidad Negro Code proclaimed, which tied the slave more effectively to his master. The Spanish Empire was living on borrowed time.

Economic liberalism was spreading its tentacles; and more ominous than the total freedom to trade in blacks, tobacco, and cotton were the reverberations of the French Revolution. It was another stunning irony of history that the Negro Code was promulgated in the year that witnessed the storming of the Bastille.

Something new had now been added to the American islands: Jacobinism. Victor Hugues, a disciple of St. Just and Robespierre,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

born of a French father and a free black woman, epitomized this tumultuous force. As a historical personage Hugues has been overshadowed by the larger figure of Toussaint l'Ouverture, the black leader of the slave revolt in Santo Domingo. Hugues, with limited resources from Paris, had proclaimed the freedom of blacks and Indians, and threatened the British that, for every republican that was murdered, he would execute two English prisoners. Such an outburst was new to the Caribbean, indeed to the Americas. A white Jacobin was bad enough, but a black one was the apotheosis of evil.

The Robespierrists in Paris applauded the news of the execution of slave owners by Indians and blacks. To speak of a Negro Code and its implementation under these conditions was now sheer fantasy, even if the waters of the Caribbean were still churned by the navy of the third George.

Yet the apparent class and race antagonisms were not so simple. "It was part of the French absurdity," writes Naipaul, "that the slave revolt was not wholly a slave revolt, the race war was not wholly a race war. All the local hatreds were entangled with the revolutionary politics of France." This could not be otherwise in lands where the notion of race was studded with complexity. Between whites and blacks, French officialdom "recognized a hundred and twenty shades of color." Racialism had become an effective stratagem for the elimination of competition and for sowing dissension among the non-whites.

Against this panorama of intrigue was the approaching collapse of Spain. The Caribbean was Spanish now in name only. British privateers came in ever larger numbers, and so did the French and the Dutch, and later, the Yankee traders who were now staking their claim to the animal at bay. To high drama was added low comedy: the Spanish functionaries of empire were now lamenting that they did not even have pen and paper with which to correspond with Madrid. But correspondence was superfluous. Boredom and senility moved in easy consonance.

The British armies in Santo Domingo, as later the veterans of Napoleon's armies, would be defeated by "that race of monkeys," as the Duke of Wellington stigmatized the partisans of Toussaint, notwithstanding the latter's capture and imprisonment, torture and death. Pacification failed, but the battle for empire continued inexorably. On the American main the Spanish colonies of Berbice, Demerara, and Essequibo fell, followed in rapid succession by the conquest of the islands of St. Kitts, St. Lucia, and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Grenada. The predators were now moving in closer for another kill. Trinidad fell to Abercromby without the loss of a single British soldier, and the ultimate bolt of humiliation was shot when the British occupant curtly described the Spanish governor as "the representative of a sinking nation." "The rich who had grown weak," writes Naipaul, "didn't have a choice of friends; they had only a choice of predators." Not quite. For it is not given to the victim to select his predator; he is selected.

What was being clamored for was liberty of trade; this was the crux of liberalism, not the *liberté* of Jacobin ideologues and black insurgents. Napoleon was to make short shrift of such rhetoric. As for the blacks, their only legitimate place in the social order was as plantation slaves. The Spanish Empire was now in its death throes. The struggles of Bolívar (who had been befriended by Toussaint in his earlier years) blazed new vistas to economic liberalism. The meaning of liberation was now clear. "The nail is driven," wrote Foreign Secretary Canning in ecstasy. "Spanish America is free, and if we do not mismanage our affairs sadly, she is English."

Picton, first governor of Trinidad, after four and a half years had become a gentleman, a planter, owner of blacks, and thus a defender of slavery when that institution was under withering fire by the forces of an aroused liberalism. To mercantilism, slavery was never a moral issue; to liberalism it was. It was immoral because it had ceased to be profitable. Picton could still portray slavery as "the assistance of Africans from the Coast." Fleeing their burning estates in France and the holocaust left in the wake of their insurgent blacks in the French islands, the royalist emigrés became Picton's entourage. Their names were eloquent enough: the Count de Loppinot de Lafressilière, Viscount de Montignac, Count du Castelet, the Chevalier Dupont du Vivier de Gourville, etc., etc. British rule, and Picton, had given them a new lease on life, and their aristocracy, joined to their interests in slavery and the established order, made for a harmonious arrangement.

Picton did not hate Napoleon. As a slaveowner he admired him. However, this admiration turned sour when he saw the Napoleonic challenge to England's commercial hegemony.

Picton was brought to trial not for financial malpractices, misrule, and tortures inflicted on a minor. That was the purely formal side of the indictment. After all, Luisa Calderon was a colored girl, and on the racial balance she counted for nothing.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The trial of Picton, and it is here that perhaps Naipaul stumbles, dramatized something much more momentous than the rich interplay of incidents and the collision of personalities. In actuality, it was an ideological confrontation; it was the trial of mercantilism, with liberalism as prosecuting attorney. Picton's crime was that he failed to come to grips with the driving force of the industrial revolution.

The hero dies, aged fifty-six, at the Battle of Waterloo. His years of disgrace slip into oblivion, his niche in the annals of imperial history secure. Luisa Calderon vanished from the historical stage, as did the medieval instruments of torture that were not so discreetly removed from the prison by Picton's friends. After Waterloo, he was unanimously exalted by the House of Commons "to be amongst the foremost in that race of glory," not far removed from the Iron Duke himself.

Picton's one-man band had run its course; and so had slavery. But the aspiration, so tenderly cradled, that Trinidad would become the gateway to the exploitation of the South American mainland was to be shattered.

Colonization was now institutionalized. The Caribbean fell into a deep coma, to awake only in the twentieth century, a process as yet unfinished.

I would like to subscribe to

MONTHLY REVIEW

☐ 1 year $7 (foreign $8) 60s. ☐ 2 years $12 (foreign $14) 100s.
Special sub rates to students: $5 (foreign $6) 45s.

Monthly Review Press
116 West 14th Street
New York, N. Y. 10011

Monthly Review Press
33/37 Moreland Street
London, E.C. 1, England

I enclose $.....

I enclose £.....

Please send me MONTHLY REVIEW for

☐ one year
☐ two years

Name .....

Address .....

.....

(Canadian readers: if you pay in Canadian currency, please add 10 percent.)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CORRESPONDENCE

On the International Flow of Funds

In "Notes on the Theory of Imperialism," MONTHLY REVIEW (March 1966), pp. 15-31 and *Monopoly Capital* (New York, 1966), pp. 104-108, Messrs. Baran and Sweezy argue that private direct foreign investment is no longer important to matured U.S. capitalism for surplus realization and, in fact, that such activity is a *source* rather than a use of surplus. They substantiate their argument, erroneously I believe, by juxtaposing two columns of figures, one showing direct foreign investment for each of fourteen years and the other remitted income from foreign investment for those years, showing that the figures in the latter column are greater.

The problem is considerably more complex than this, and I will here attempt to outline my view of its mechanics. To focus on essentials, I will assume that all foreign surplus appropriated through U.S. direct investment is remitted to the United States and that all new foreign investment is financed in the United States. Furthermore, to avoid unnecessary cluttering of the analysis, I will ignore secondary income and price effects, balance-of-payments positions, and possible actions of foreign monetary and fiscal authorities.

For any given year, income remitted from abroad is only insignificantly, if at all, based on that same year's new foreign investment; and the new investment does represent a net use of domestic surplus to the extent that it directly increases the utilization of domestic productive capacity. This will be in the form of capital and intermediate goods exports involved in the foreign production to which the investment was directed. The actual magnitude of the portion of foreign investment which

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

does represent domestic surplus use is uncertain, and its measurement continues to be debated in professional economic journals. However, whatever its exact amount (and it certainly is greater than zero), its effect on the U.S. economy resembles that of domestic investment activities, for it contributes directly to domestic surplus realization and to greater surpluses in the future.

The new productive capacity created by the investment, however, is located abroad, drawing on foreign labor power. The surplus so created and appropriated, when transferred to the United States represents something very different from domestically created surplus. It is a charge against *foreign* production, and whether or not it is exercised in the country of its origin is a problem for surplus realization in that country, not in the United States. To the extent that any of the foreign-generated surplus is directed towards domestic production, it alleviates U.S. problems of surplus realization. It is thus misleading to add foreign and domestic surplus to get a single total.

In the context of Baran and Sweezy's treatment of U.S. problems of surplus use and realization, U.S. direct foreign investment should be considered a use rather than a source of surplus, thus contributing to domestic surplus realization.

F. Stirton Weaver*

The Editors Reply:

There appears to be some misunderstanding about Baran and Sweezy's analysis of U.S. capital investment abroad. We are therefore grateful to Professor Weaver for raising the question. We will, however, take advantage of the occasion to deal briefly with the problem as a whole, thus covering more territory than the particular points made in the above communication.

The main difficulty arises from a misconception, or perhaps a false preconception, about the relation between foreign investment and "surplus" capital, which results in the following oversimplified reasoning:

Premise: Capital moves abroad because of the pressure of a superabundance of capital.

Fact: Baran and Sweezy prove that foreign investment does not relieve the pressure; in fact, it intensifies the pressure.

---

* F. Stirton Weaver is Assistant Professor of Economics at the University of California, Santa Cruz.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Conclusion: Foreign investment is not a "necessary" attribute of monopoly capital and of imperialism.

Such a line of thought is mistaken for two reasons:

(1) The facts on the outflow of capital and the return flow of profits have no bearing on the premise as stated. These facts were presented and analyzed to demonstrate the *effect* of foreign investment (on the economic surplus, *not* on "surplus" capital). The premise deals with the *cause* of foreign investment, which is quite a different matter.

(2) Moreover, the premise is wrong. The "superabundance-of-capital" theory does not explain the bulk of foreign investment.

Baran and Sweezy were investigating the dynamics of monopoly capitalism, and most especially the stagnation-inducing tendencies of this stage of capitalism. They found that this could be done best through an analysis of the economic surplus, including (a) the special reasons for the absolute and relative growth of the economic surplus under monopoly conditions, (b) the economic developments that explain how monopoly capitalism, as a system, copes with this surplus, and (c) the contradictions that arise from the "adaptation" to the special surplus-absorption problems of monopoly capitalism.

In this connection, it needs to be clearly understood that Baran and Sweezy were not dealing with the question of *surplus capital,* or the "too-muchness" of capital. On the contrary, they were dealing with a much broader and, in effect, different question: the *economic surplus,* or the difference between total output and socially-necessary costs of production.

When Baran and Sweezy examined the various alternatives available to monopoly capitalism for absorbing the economic surplus (note: not capital surplus), they naturally looked into the question of foreign investment. There are good reasons to assume that, except in rare circumstances, the net *effect* of foreign investment will be to increase, rather than absorb, the economic surplus; and in fact the data on U.S. foreign investment show this to be the case. Hence, in their analysis of potential modes of economic surplus absorption, they eliminated foreign investment as a surplus-absorption factor.

It cannot be emphasized too strongly that in coming to this conclusion, Baran and Sweezy were in no way commenting on the necessity of foreign investment for monopoly capitalists. The

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

analysis of the absorption of the economic surplus has nothing at all to do with the *causes* of foreign investment. Nor does it have anything to do with the hypothesis that corporations invest abroad because of the general pressure of accumulated capital. The point is that there is no central intelligence under capitalism that weighs all the alternatives and then determines the investment decisions of the various capitalist firms. Each firm makes its own decisions, and these decisions are made in terms of the firm's needs and in the light of the conditions it faces. The board of directors of, say, General Motors does not discuss the question of national economic surplus absorption when weighing the desirability of establishing a factory in Mexico or Belgium. Its aim is to determine what is good for General Motors, not what is good for the U.S. capitalist class as a whole. The individual capitalist firms are impelled to make those decisions that will increase their profits, strengthen their monopoly positions as against other large corporations, and protect their capital assets.

What, then, about the theory that superabundance of capital is the major cause for foreign investment? Despite some plausible aspects of this hypothesis, it has no real explanatory value. It is true that two general conditions necessary for the international migration of capital prevail throughout the history of capitalism: (1) the pressure of capital seeking profitable investment opportunities, and (2) the mode of operation of capitalism as a world system. But these conditions are insufficient to explain either the especially rapid rise of foreign investment during the era of imperialism or the particular patterns of investment that are characteristic of this period.

The special features of foreign investment of modern imperialism can be traced to the imperatives associated with the growth of monopoly, i.e., with the increasing concentration and centralization of economic power in the advanced industrialized nations. Thus, a substantial portion of foreign investment is devoted to extracting raw materials. The incentive to invest abroad for this purpose arises from the needs of large corporations to strengthen and protect their monopoly positions, not from any special pressure of surplus capital. Similarly, foreign investment in manufacturing activities is largely inspired by monopoly considerations: control over foreign markets, protection of patents and trade marks, etc. The opportunity to increase profits by exploiting lower costs in other countries is still another contri-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

butor to the movement of capital abroad. The ability to undertake this type of investment is more feasible for the large corporations with the financial and managerial resources required to function on a world scale.

It is therefore the size of the large corporations and their need for monopolistic control which provide the drive for investment abroad and determine the special features of international investments in the imperialist era. Furthermore, it is significant to note, the major source of finance for overseas investment—for U.S. firms at least—comes not from the "overspill" of domestic capital, but from money obtained abroad: either from local banks and investors or from the profits of overseas investments.

In sum, the thrust of foreign investment is an essential aspect of the "law of motion" of monopoly capitalism. To denigrate that popular oversimplification—the surplus-capital theorem—is not at all to deny the world operations of monopoly capital. Instead, it is a step in the direction of a clearer understanding of the international behavior of monopoly capital. And, to repeat once again, the absorption of the economic surplus is a different issue which in no way denies or minimizes the imperatives of the international expansion of monopoly capital.

It may be doing Weaver an injustice to devote so much space to discussing and refuting an interpretation of the Baran-Sweezy thesis to which he may not subscribe. He would perhaps insist that his main point is indicated in the very first sentence of his comment, where he writes that Baran and Sweezy "argue that private direct foreign investment is no longer important to matured U.S. capitalism for surplus realization and, in fact, that such activity is a *source* rather than a use of surplus." According to Weaver, this argument is wrong: foreign investment *is* important for surplus realization, and it is a *use* rather than a source of surplus. Let us consider these contentions in turn.

First, Baran and Sweezy were not discussing a "realization" problem in the passages devoted to foreign investment. Weaver presumably had in mind the question posed by Marx and many of his followers: How is surplus value realized, i.e., how are the products of capitalist enterprises sold so that capitalists can obtain their surplus value in money form? This is a perfectly good question which in contemporary economic thought is usually discussed under the heading of "effective demand." Foreign investment certainly plays a part along with many other factors in determin-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ing effective demand and hence the realization of surplus value. But the analysis of that role is far from simple and could hardly be meaningfully carried out under the restrictive assumptions Weaver makes in his second paragraph. In any case, Baran and Sweezy made no attempt to provide such an analysis.

Second, on the question whether foreign investment is a source or use of surplus, Baran and Sweezy's position is, in effect, that it is *both*. It is conceivable that under certain conditions its importance as a use has outweighed (or might outweigh) its importance as a source. The point of the table to which Weaver refers was to demonstrate that, in the conditions of U.S. monopoly capitalism after the Second World War, this has not been the case, that on the contrary foreign investment sucks in far more surplus from other countries than it sends out to them.

From Britain

A New Monthly Journal

POLITICS AND MONEY

This journal will particularly appeal to readers of the Monthly Review. The analysis of current trends provided by POLITICS AND MONEY is based on the belief that political and economic affairs are inseparable. Cogently and precisely written, it shows clearly how random and apparently unconnected events are inter-related. Since its first issue in January of this year the march of events has indicated the essential correctness of its analysis.

The Monthly Review is today providing many readers in Britain and elsewhere with an invaluable insight into world events as seen from the United States. We believe that POLITICS AND MONEY, by giving a perspective on events as seen from Britain, may provide a useful service to readers in the United States.

For a free introductory copy please apply to POLITICS AND MONEY, 14, South Hill Park Gardens, London N. W. 3., England.

Subscription rates:		Standard	Student
	British Isles	30/- $3.60	20/- $2.40
	Europe (Airmail)	40/- $4.80	30/- $3.60
	Rest of World (Airmail)	50/- $6.00	40/- $4.80

(advertisement)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

WORLD EVENTS

By Scott Nearing

Yes, We Have No Fuel Oil

"Oil prices have doubled in the past few weeks for Braintree's local power company, which serves this Boston suburb of forty thousand people. But even at twice the price, Braintree cannot find anyone to guarantee delivery in the cold months ahead."

These two sentences describe a fuel shortage and a spectacular price hike which threatens Braintree, Massachusetts and other sections of New England and the United States. The *Christian Science Monitor* of September 26-28, 1970, devotes a front page article and more than half an inside page to the situation.

Oil as a domestic and industrial fuel had been gaining rapidly in popularity. The trend has been stimulated by the discovery of petroleum deposits in many of the planetary land masses, by the low prices of fuel oil, by technical improvements in the appliances for burning oil and by a widespread campaign of advertising promoted by the oil industry to convince domestic consumers, public authorities, and industrial managers that oil is the cheapest, most dependable, and satisfactory motive force and source of heat. The campaign went over. Home-owners, public authorities, and business managers converted to oil. The oil industry sold products and heaped up products. The story did not end there.

Petroleum is an irreplaceable natural resource, irregularly distributed over the planet. Extracting, refining, and marketing petroleum products is a moderately tight monopoly. Monopoly prices are fixed under the formula: "All that the traffic will bear." Increasing demand, approaching winter, political dis-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

turbances in the oil-rich Near and Middle East, and the unavailability of substitute fuels have combined to create the crisis presently facing New England and other parts of the country.

At the moment the crisis center is in residual fuel oil. Residual oil is the material which remains after gasoline, kerosene, number two domestic heating oil and other products have been removed from crude petroleum. Residual is something of a by-product or waste product of the industry. As such it has been sold very cheaply—as low as $1.63 per barrel at Boston Harbor in April 1969.

Lured by the attractive prices, local and large-scale fuel consumers converted to fuel oil. In the first quarter of 1970 United States fuel oil consumption increased 23.5 percent. There were parallel increases in West Germany, France, Britain. Then prices began to rise. By September 1, 1970, residual oil was selling at $2.72 a barrel on contracts, and up to $3.85 a barrel for spot delivery.

Fuel oil in the United States is usually contracted in advance, for a year or more; otherwise consumers could not risk the costs of installation. Many annual contracts expired on July 31, 1970. Taunton, Massachusetts has a Municipal Electric Light Department, using residual oil as its source of energy. When its fuel oil contract expired at the end of July, the manager shopped around for another contract, without success. Taunton had bought its oil for $1.98 a barrel in 1969. A few oil brokers offered the city limited oil supplies at $4 or $5 a barrel. Boston twice sent out invitations for bids on residual oil. There were no bids. Oil contracts for Hartford, Connecticut have been secured at an increase of 30 to 40 percent on all grades of fuel oil.

"An important factor in the oil crisis," the *Monitor* reports, "is the lack of supplies of alternate fuels. Natural gas being supplied to this region has been frozen at last year's level. . . . Coal is vanishing from the scene entirely."

A perfect squeeze situation developed in the late summer and autumn of 1970. The rapidly increasing number of residual fuel oil users found themselves on the horns of a dilemma: pay escalating prices or go without heat.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

When the price of bananas was more than doubled by the concerted action of producers, the phrase "Yes, we have no bananas," was coined to describe the tight market. "Yes, we have no residual fuel oil" may be equally appropriate for the boost of fuel oil prices which is presently taking place.

The oil industry is an old hand at the game of monopoly pricing. The basic rule is simple enough. First get your customers over a barrel, then mercilessly beat the monopoly profits out of them.

What's New in China?

Wherever I go I am asked: "What's new in China?" I wish I could give a satisfactory answer. I have not been in China since 1958. At the outset of the Proletarian Cultural Revolution the Chinese substituted adjectives for production figures. This leaves an outsider dependent on private correspondence and an occasional article by a qualified observer.

Han Suyin is such a qualified observer, and an excellent reporter. She visited China for the sixteenth time in the summer of 1970. Some of her observations, written in Peking, appeared in the *New York Times* of September 21, 1970.

Han Suyin's overall impression is that the Proletarian Cultural Revolution has been successful. "Most striking," she says, is "the new sense of freedom, a real grass-roots democratic spirit, which is evident everywhere." She also notes "the lack of bureaucracy, the heightened efficiency and the growing sense of public responsibility."

Han Suyin visited Tsinghua University, with its new enrollment of twenty-five hundred students, admitted without examination. The places were apportioned among the provinces of China, which distributed the "empty places" among the counties, which apportioned them to factories, communes, and other places of employment.

Each factory, production brigade, production team which had been assigned an "empty place" in Tsinghua University then debated the question: which of our members will best represent us and will get the most, for themselves, and for us,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

from a university education? There was only one limitation: the person selected must have graduated from high school.

Choices of the candidates for the university were to have been made in terms of three "revolutionary assets": their politics (behavior, intelligence, leadership qualities, ability to stimulate, to energize, to initiate), their production (hard work and assiduity), and their "technical innovation."

Han Suyin reports that the new students she saw at Tsinghua "seemed extremely alert, highly conscious and eager to learn. Quite different from the apathy and lack of interest in studies one often finds in other Asian universities."

Meetings she attended in Chinese factories were closely linked to the concrete problems discussed. She found "scientific thinking, analysis from cause to effect, sober assessment, and recommendations to 'see reality' and 'tell the truth' it contains."

Wherever she went in China, Han Suyin found preparations against attack by air. Trenches were being dug, food and other supplies being stored, with a network of first-aid posts being set up. The country, she says, is being prepared for mobilization in case of need. War today being total, it is the population which is hit, "so the population must be trained in self-defense; in remaining at their posts; each region being as self-sufficient as possible. There must be no panic. . . . If war comes, it will be a long war, and it is better that the young should know what to expect than to become helpless victims."

Almost one quarter of the human race lives in China. New China is twenty-one years old. Chinese youth, in politics since 1919, have been particularly active since the Proletarian Cultural Revolution began in 1966. What a terrible crime against the American people and against the people of the world has been committed by the highly placed Americans who have plotted, planned, and acted to seal China off from the rest of mankind and to keep the American public misinformed and uninformed concerning one of the most significant developments that has taken place anywhere during the present generation.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Can We Imitate the Imitators?

United States critics often dismiss the Japanese with the contemptuous comment: "They are only imitators." This is not always the case.

Back in the old days, with a vast, sparsely settled, largely undeveloped country, the United States went in for coast-to-coast railroad building. Much later, the Japanese followed suit.

Then came the day of the private passenger automobile. The United States went in for autos in a big way. So did the Japanese. Last year the United States registered 104 million motor vehicles. With more than three million miles of roads, this figure may not seem excessive, but motor vehicles are not evenly distributed over the roads. Instead, they are concentrated in cities and their suburbs. When a million motor cars take to the roads between 6 and 9 A.M. and begin moving toward Manhattan or the Chicago Loop or Tokyo's Ginza, there is congestion. The cars do not move. They start, stop, and wait. What to do?

The Japanese have answered the question with excellent railways: local, express, and super-express. In the densely populated area between Tokyo and Osaka they have all three rail services. The super-service consists of a special roadbed, special twelve-car trains of spic-and-span, clean, well-ventilated, beautiful, comfortable cars, making up to 125 miles an hour, running frequently and filled with satisfied passengers.

A similar, densely populated area in the United States, extending from Boston to Washington, depends for transportation on a number of railroads, running a few trains of antiquated cars, dirty, ill-kept, with cracked, unwashed windows and sloppy washrooms.

Four years ago, on May 5, 1966, the *New York Times* published a Washington story headed "Pennsy Outlines Fast Train Plans." The story went into details. There was an urgent need for rapid passenger-service between Boston and Washington. The tracks between Boston and New York needed considerable improvement; between New York and Washington they were already in shape to carry high-speed traffic.

The Pennsylvania Railroad and the Federal Government,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

said the *Times,* issued a joint statement on May 4, 1966, which scheduled the new services to begin in October 1967. The new trains were to operate at 110 miles per hour. By 1970 still higher speeds were to be possible. The plan was to have self-propelled electric coaches, air-conditioned and insulated against noise, operated over new-laid, high-speed, welded rails.

"The Federal Government, under contracts signed today, will underwrite the service with a $9.6 million grant," designed to provide passenger service in this congested area of the northeast. "The Pennsylvania project was to be part of an experimental railroad revival program proposed by President Johnson for the Northeast Corridor that runs from Boston to Washington. Congress has approved $90 million for three years for the project."

In 1970 the Consolidated Pennsylvania and New York Central rail system—the Penn Central—failed to pay its bills and was declared bankrupt. It is presently in the hands of a receiver in bankruptcy.

During the past few years I have enjoyed the magnificent train service between Tokyo and Osaka. I have also ridden the dirty, littered, unkempt Penn-Central trains which operate between Boston and Washington. The time has come for the United States to imitate the Japanese "imitators," who have stepped to the fore as brilliant initiators.

The Perfect Weapon

Implement: something used or needed in a given activity; a tool, instrument, utensil.

Tool: any implement, instrument, or utensil held in the hand and used for cutting, hitting, digging, rubbing. Knives, saws, hammers, shovels, rakes are tools.

Weapon: an instrument of any kind used for fighting; any means of attack or defense.

A tool is an implement used to produce, construct, create. A weapon is an implement used to do harm, to inflict injury, to cripple, to destroy. The perfect weapon damages so completely that the enemy ceases to exist. If nuclear warheads prove to be "perfect" weapons, they will end life on the Planet Earth.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION (Act of October 23, 1962: Section 4369, Title 39, United States Code). 1. Date of filing: September 28, 1970. 2. Title of publication: Monthly Review. 3. Frequency of issue: monthly except July and August when bi-monthly. 4. Location of known office of publication: 116 West 14th Street, New York, N. Y. 10011. 5. Location of the headquarters or general business offices of the publishers: 116 West 14th Street, New York, N. Y. 10011. 6. Names and addresses of publisher, editor and managing editor: Publisher, Monthly Review, Inc., 116 West 14th Street, New York, N. Y. 10011. Editor, Paul M. Sweezy & Harry Magdoff, 116 West 14th Street, New York, N. Y. 10011. Managing editor, Paul M. Sweezy & Harry Magdoff, 116 West 14th Street, New York, N. Y. 10011. 7. Owner: Monthly Review, Inc., 116 West 14th Street, New York, N. Y. 10011. Stockholders owning or holding 1 percent or more of total amount of stock: Monthly Review, Inc., 116 West 14th Street, New York, N. Y. 10011, Paul M. Sweezy, 116 West 14th Street, New York, N. Y. 10011, Sybil H. May, 116 West 14th Street, New York, N. Y. 10011. 8. Known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities: none. 9. Paragraphs 7 and 8 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of bonafide owner. Names and addresses of individuals who are stockholders of a corporation which itself is a stockholder or holder of bonds, mortgages or other securities of the publishing corporation have been included in paragraphs 7 and 8 when the interests of such individuals are equivalent to 1 percent or more of the total amount of the stock or securities of the publishing corporation.

10. Extent and nature of circulation:

		Average No. Copies Each Issue During Preceding 12 Months	Single Issue Nearest To Filing Date
A.	Total no. copies printed	10,336	10,500
B.	Paid circulation:		
	1. Sales through dealers and carriers, street vendors and counter sales	3,348	3,550
	2. Mail subscriptions	5,724	5,934
C.	Total paid circulation	9,072	9,484
D.	Free distribution (including samples) by mail, carrier or other means	133	90
E.	Total distribution (sum of C and D)	9,205	9,574
F.	Office use, left-over, unaccounted, spoiled after printing	1,131	926
G.	Total (sum of E and F—should equal net press run shown in A)	10,336	10,500

I certify that the statements made by me above are correct and complete.

—HARRY MAGDOFF, Co-editor

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(Continued from inside front cover)

always told about things a few people did, and the decisions they made, but they never told you the reasons why they did what they did. They tell you about riots and the holy law, but they never tell you that the "riots" were working people striking or needing jobs. They tell you about the immigrants coming to America, the land of the free, but they don't tell you about how they were herded into factories to work for low wages with no guarantees, so that the owners of the factories could make high profits. They never tell you what the people were doing. How they were forced by their needs to do what they did.

"I can make sense out of people fighting to make a go of it, but I never could make any sense out of those guys like George Washington or Abraham Lincoln who somehow just got there and started giving orders and making laws, it seemed for no reason at all. Well, I can figure out why they don't teach you about working people in the schools. If they did, more of us would know what we have to do to take our country back. But we're finding out for ourselves, and soon you're going to find the working people, and even us GIs, organizing a little here, and a little there, until some day soon we're going to sweep like a mighty arm across that country and dump all those politicians and phoney union officials, and the big boys—the business executives—right into the Pacific ocean, and start to run our country ourselves. Thanks for the book.

EM,
Frankfurt"

One of MR's authors, Jim Cockcroft, has been singled out by the University of Wisconsin regents in a campaign to silence dissent and intimidate protesters against U.S. foreign and domestic policies. In November 1969 he was arrested and fined for participating in an anti-ROTC demonstration under a law which was later declared unconstitutional by a federal judge. He then became a target of official harassment, culminating in his dismissal after the May demonstrations against the Nixon administration's invasion of Cambodia. The dismissal took place despite Cockcroft's holding a tenure position as Associate Professor of History at the University's Milwaukee campus. The whole affair has involved numerous trumped-up charges and flagrant violations of due process. As a statement setting forth the facts of the case says, it would appear that politically "the Nixon-Agnew-Mitchell strategy is to repress enough antiwar professors and students and to intimidate others so as to prevent any repeat of May 1970 on the campuses the next time the President chooses to meet a crisis by invading another country, whether in Asia or elsewhere." This is why it is important that cases like Cockcroft's should be vigorously defended as an integral part of the antiwar movement. For information and much needed financial contributions, contact UWM Legal Defense Fund, c/o Frank Seater, USG Student Body President, University of Wisconsin, Milwaukee 53201.

Through an oversight Brian Pearce's name as translator from the French was omitted from the July-August special issue "Nationalism and Class Struggles in the Arab World," by Ahmad El Kodsy.

We would like to inform MR readers in the San Francisco Bay Area that one of us—Harry Magdoff—will be speaking on imperialism on November 19th on the Berkeley campus of the University of California. Information regarding the exact time and place of the meeting may be obtained from the Institute of Participant Education, which is sponsoring the meeting.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

This volume brings together the essays the editors of *Monthly Review* have devoted, since 1954, to the war in Vietnam, and forms a unique running history of that crucial conflict.

Two years before the event, in March 1966, the editors wrote: "The number one casualty of the Vietnamese war is going to be Lyndon B. Johnson." And, more recently, the editors have predicted repeatedly that despite "peace candidates" and promises, the United States will not withdraw from Vietnam until it is absolutely compelled to do so. Careful readers of these pages will gain new perspective on all American policy, foreign and domestic.

CL1478/$5.95/54s

Now in Paperback

"Informed fury is the tenor throughout this book, as the contributors rip off the New York City's school administration, the Board of Education, discriminatory construction unions, the teachers' union, etc. Particularly incisive are two essays [Annie Stein and Suki Ports]. . . . Together, these superb essays show the provocation that made blacks finally turn their backs on the mirage of integration."

—*The New York Times Book Review*

PB1621/$3.45/32s

"His new book is heady, controversial writing—pungent polemical essays and speeches—which spells out forcefully his Marxist-Fanonist thesis that 'the issues of the black revolt are fundamentally rooted in the American system itself.' "

—*Publishers' Weekly*

". . . highly challenging. It is a vital book."

—Earl Ofari, *Los Angeles Free Press*

PB1648/$2.45/22s

"Ofari delivers a broadside against the notions that capitalism can work for blacks when it hasn't worked for whites . . . a provocative polemic."

—*The Kirkus Service*

"Ofari musters some potent arguments. In his review of the history of black enterprises—from the days of the early colonies—he reveals black capitalism to be a fiction . . . suggests rigorous therapy but in a scholarly fashion."

—*Fresno Bee*

PB1634/$1.95/18s

Monthly Review Press 116 West 14th Street, N.Y., N.Y. 10011
33/37 Moreland Street, London, E.C. 1

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED